

The NATIONAL UNDERWRITER

Abreast of the Times

Our former fire affiliate, North Star Reinsurance Corporation, was merged with General Reinsurance Corporation on June 30, 1956. Two strong successful companies have thus joined their financial resources, their staffs and their wide experience to form a single outstanding reinsurance institution.

In recognition of the trend toward multiple-line underwriting, General Reinsurance Corporation has by this merger become a multiple-line reinsurance underwriter of all fire, casualty, accident and health, bonding and marine lines.

With a simplified corporate structure, operations that are streamlined for efficiency and with unified executive control, the Company is, therefore, fully equipped to meet the changing and expanding reinsurance needs of the insurance industry it is proud to serve.

GENERAL REINSURANCE CORPORATION

**LARGEST AMERICAN MULTIPLE LINE MARKET
DEALING EXCLUSIVELY IN REINSURANCE**

Home Office: 90 JOHN ST., NEW YORK 38, NEW YORK

Midwestern Department: 1012 BALTIMORE BLDG., KANSAS CITY 5, MO.



THURSDAY, JULY 5, 1956

A MESSAGE TO THOSE WHO LIVE IN GLASS HOUSES

Many's the insurance agent or broker who, spending hours each day convincing others of the need for coverage, has yet to strengthen his own security with Insurance Agents and Brokers Errors & Omissions coverage.

Lower premiums, higher commissions and a deductible that no longer applies to defense costs make this E & O contract even more attractive for those in insurance. Whether you desire coverage as an individual or for an office, you can count on Illinois R. B. Jones to do the job quickly . . . and to your complete satisfaction.

Illinois R. B. Jones Inc.

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C. Reid Cloon, President

1401 Peachtree St. N.E., Atlanta, Ga. • Emerson 2504

William E. Lersch, Vice-President



REPRESENTING

Lloyds London



**American Equitable Assurance Company
of New York**

Organized 1918

Globe & Republic Insurance Company of America

Established 1862

Merchants and Manufacturers Insurance Company

of New York

Organized 1849

New York Fire Insurance Company

Incorporated 1832

CORROON & REYNOLDS, INC.

MANAGER

92 William Street, New York 38, N. Y.

UNITED STATES CASUALTY COMPANY

Casualty



Surety

HOME OFFICE

60 John Street

New York

**FAR
SEEING
AGENTS**



look to
GULF AND ATLANTIC
for complete facilities on
**FIRE • INLAND MARINE
CASUALTY • AUTOMOBILE**

**GULF INSURANCE COMPANY
ATLANTIC INSURANCE COMPANY**



FIRE

CASUALTY

AUTOMOBILE

INLAND MARINE

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

60th Year, No. 27

July 5, 1956

Competition Grows Sharper in Ocean Marine Business

Experience Is Satisfactory but 1956 Results May Not Be as Good as 1955

NEW YORK—With losses up in many fire and casualty lines, to the executive who watches the over-all results ocean marine looks pretty good because for most companies it is still in the black. This is a distinction which marine may share with surety alone, by year end. However, to the real ocean marine underwriter, the situation is nothing to be hilarious about.

Wet marine underwriters still hope to be in the black by the end of 1956, but they are not optimistic about doing as well as they did in 1955, and 1955 was not as good as 1954. This seems to characterize the marine business since the war, a gradual decline in the exhibit of black ink.

Experience itself has not been too bad, though there have been large losses. However, competition keeps right on increasing in intensity. The British provide plenty of competition at any time, but the observer hears less discussion about the English this year than about American underwriters competing among themselves. The effect of this pressure has been to bring rates down. In the meanwhile, of course, there has been no let-up in general expenses. Oddly enough, it is not commonly insured today who is providing the pressure on marine rates. Insured is not being particularly obstreperous—so lone as he knows that he is getting protection at substantially the same cost as his competitor.

Ocean marine is always competitive. It is a judgment business, and even the soundest of underwriters are interested in getting premiums. How-

(CONTINUED ON PAGE 33)

Mylod Resigns at Pacific National, John Steel Successor

Directors of Pacific National Fire last week announced the election of John A. Steel as president to succeed



John A. Steel



John L. Mylod

John L. Mylod, resigned. Mr. Steel has been president of Southwest General of Dallas. (Walter L. Baer has been elected president of Southwest General—see story page 2).

Mr. Steel started his insurance career with the Mitchell, Gartner & Thompson agency of Fort Worth after attending Texas Christian university and the University of Texas. He was an army captain during the last war, and after service was named manager in Texas and Oklahoma for Home Indemnity. He joined Southwest General as executive vice-president and general manager in 1951 and was elected president in 1955. He is one of the youngest executives in the country at 42 years of age.

Mr. Mylod was named president of Pacific National, the oldest and largest fire-casualty company in the Transamerica group, in 1946 after nearly 30 years with North British. He was assistant U. S. manager of North British at the time he joined Pacific National. He started with North British as an examiner at the home office and was transferred to Chicago as superintendent of the automobile and side lines department in Cook county in 1920. Seven years later he went to the head office as automobile manager, becoming secretary in 1929 and assistant U. S. manager in 1937. Mr. Mylod also has been chairman of Manufacturers Casualty and Manufacturers Fire and president of Paramount Fire of the Transamerica group.

After a three month vacation, Mr. Mylod plans to enter an activity that will enable him to spend more time with his family.

Fla. Considers 12.9% WC Rate Increase

Commissioner Larsen has taken under advisement a proposal to increase workmen compensation rates in Florida by 12.9%.

National Council on Compensation Insurance argued at a hearing that underwriting results of WC cover in the state over the past five years show a loss of about \$13 million. The council said that \$4 million of the loss occurred in 1955. The proposed revision is sought for Aug. 1 and would raise the rate 14.2% in manufacturing, 17.9% in contracting and 9.4% in all other categories.

WIS. CIRCUIT COURT

Reporting Form Does Not Violate Wis. Coinsurance Law

An attack on the full reporting clause of the reporting form of fire coverage as violating Wisconsin's anti-coinsurance statute has been rejected by the Wisconsin circuit court in Albert d/b/a Northwestern Products Co. vs Home F.&M., Phoenix of Hartford and American Equitable.

The insurance issued by the three companies was on a multiple location reporting form A, with a combined limit of liability of \$125,000. The policy attached Oct. 28, 1953. On Dec. 11 the first report was filed, stating that the actual value of goods on hand as of the last day of October was \$63,000. The fire occurred Dec. 24 and resulted in damage of \$139,481.

Investigation disclosed that the actual value of the goods on hand the last day of October was \$139,150. The companies took the position that their liability, under the full reporting clause, was that proportion of the loss which \$63,000 bore to \$139,150 for a conceded liability of \$68,039.

Insured refused insurers offer to adjust the loss in accord with the formula and sued for the policy limit of \$125,000. Insured argued that the \$63,000 figure reported at end of October was actually the value of inventory at the end of insured's fiscal year, which terminated the previous month. Insured alleged that this inventory was adopted as the first value to be reported on instructions of the local agent who had issued the three policies. Insured also contended that in any event the full reporting clause was illegal because it violated section 203.22 of Wisconsin statutes, which

(CONTINUED ON PAGE 35)

Parley with FTC Lawyers on Rule 2 (b) Gets Nowhere

Tightened Version Will Be Applied Literally Despite Cost, Needless Complexity

Efforts of attorneys representing the A&S business to persuade the Federal Trade Commission's legal staff to ease the harshness of the FTC's final and much tougher version of rule 2(b) of the A&S trade practices code got a sympathetic hearing but no relaxation whatever in the FTC's intention to apply the rule completely literally, at least for the foreseeable future.

This means that if companies want to comply with the FTC rules they will have to give up such widely used expressions as "up to" or "as high as" in their advertising except under conditions generally regarded as impracticable.

Rule 2(b) in the original draft merely required that advertising using such language as "up to" and "as high as" also indicate that payments were subject to limits set forth in the schedule in the policy. Under revised rule 2(b) expressions like "up to" and "as high as" can't be used unless (1) the specified amount applies to every benefit in the policy, should the charge run that high, or (2) the entire benefit schedule is printed in the advertisement. Neither of these is regarded as being feasible.

What choice does this leave A&S insurers that in the aggregate stand to lose several million dollars in discarded advertising and sales aids—plus uncounted millions in weakened

(CONTINUED ON PAGE 35)

Late News Bulletins . . .

AFIA Advances Muldoon to Marine V-P

Anthony G. Muldoon, secretary of American Foreign Insurance Association, has been advanced to vice-president in charge of world-wide marine operations. He joined AFIA in 1922 and served many years abroad, especially in the far east. He was interned in Manila during World War II and returned to the head office in 1945. He opened the Philippine office in 1945, returned to the head office in 1946, was placed in charge of the marine department in 1948, became marine manager in 1950 and was named secretary in 1952.

NAIA Executive Committee Meets July 15-17

The executive committee of National Assn. of Insurance Agents will meet July 15-17 at Edgewater Beach hotel in Chicago to discuss the status of local agent efforts to defeat a self insurance proposal of Federal Housing Authority and recent activities of the special automobile insurance committee. Member agents in the vicinity have been invited to attend the meeting.

A report will be given on the \$1,500 contest to select an insignia, symbol, seal or designation for the local agent, and the committee will review public relations projects, association type insurance, free accident insurance, the licensing of company employees as agents and the Texas graduated rate plan for dwellings.

N. Y. Hearing on Compulsory Auto Coverage

The New York department will hold a hearing July 17 at 14 Vesey street to discuss with representatives of the business a proposed regulation, No. 35, which sets out the minimum provisions for compulsory auto liability coverage.

Highlights of the Week's News

Survey shows public preference for agency system	Page 22
John Diemand Jr. tells CPCUs competition will force insurers to cede less business and underwrite more	Page 12
Grant new trial in alleged explosion case	Page 16
New storms add to Michigan record wind, hail loss	Page 8
Ohio Casualty stockholders OK 4 for 1 split	Page 8
Missouri mutual agents reelect Wm. Frick at St. Louis	Page 32
3 1/2 million hull insurance loss in dual airliner crash	Page 2
W. L. Bear is new president of Southwest General	Page 2
R. L. Catlin retires as vice-president of Aetna Casualty	Page 2
Eureka-Security, Monarch Fire are merged	Page 2
Create separate appointive post of Louisiana commissioner	Page 2
Travelers appoints C. J. Haugh vice-president	Page 2
Indiana takes strict view of non-can A&S description	Page 36

VOGT IS KILLED

\$3½ Million Hull Insurance Loss in Dual Airliner Crash

The hull loss in the crash of a Trans World Airline superconstellation and a United Air Lines DC-7 in the Grand Canyon will total about \$3½ million. The TWA superconstellation was worth \$1½ million and was insured in Associated Aviation Underwriters, and the United Air Lines plane was valued at about \$2 million, insured in U.S. Aviation Underwriters. The TWA plane carried 64 passengers and a crew of six and United 53 passengers and a crew of five.

The crash was the third in a series of air crashes in 10 days. The planes are presumed to have collided in mid-air over the Grand Canyon, which, if so, would make it a single accident. June 20 a superconstellation of Venezuelan Airlines crashed near New York and the same week a British Overseas Airways Corp. argonaut crashed and burned in Nigeria. These two crashes took 100 lives and accounted for more than \$2 million in hull losses. Thus what aviation underwriters fear—three big ones in a row—has occurred.

Among the passengers on the United Air Lines plane were Albert Vogt, senior deputy U.S. manager of Zurich at Chicago, and his granddaughter, Carole Church, 6, of San Diego.

Program Ready for Insurance Counsel

Open forum sessions will be featured during the four day annual convention of International Assn. of Insurance Counsel July 11-14 at White Sulphur Springs, W. Va.

One forum, July 12, will consider injuries to the brain and the other, July 13, the evaluation of a personal injury case for settlement purposes.

Speakers will include Gov. Marland of West Virginia, who will welcome the group, Judge Shackelford Miller Jr. of the U. S. appeals court at Louisville, who will discuss lawyers and the court, and Justice G. A. Gale of the supreme court of Ontario who will discuss the courts of Canada.

R. B. Montgomery Jr. of New Orleans will be chairman of the forum sessions and G. C. Buchanan of Detroit will be vice-chairman.

Participants in the session on brain injuries will be Dr. E. S. Gurdjian of Detroit as medical expert for the plaintiff, G. H. Cary of Detroit as attorney for the plaintiff, Dr. D. H. Echols of New Orleans as medical expert for the defense, and C. L. Mayer of Shreveport, La., as attorney for the defendant.

Participants in the personal injury case evaluation will be Judge J. S. Wright of New Orleans as judge, S. B. Weston of Cleveland as plaintiff's counsel, T. M. Phillips of Houston as defense counsel and G. H. Snow of Los Angeles as home office counsel.

The meeting will end with the induction of the association's new president, John A. Kluwin of Milwaukee, and with a meeting of the new executive committee.

Carl P. Grosenick Jr., who for seven years has been with D. K. MacDonald & Co. at Seattle, has gone with Culliton Inc., Seattle brokers.

W. L. Bear Is New President of Southwest General

Walter L. Baer, executive vice-president of Southwest General, has been promoted to president, succeeding John



Walter L. Baer



Ben L. Culwell

A. Steel, who has joined Pacific National Fire as president. Ben L. Culwell has been advanced from vice-president and secretary to executive vice-president.

Mr. Baer joined Southwest General in 1951 in charge of casualty underwriting, and was elected secretary in 1952 and executive vice-president in 1955.

Mr. Culwell joined the company as manager of the marine department, becoming vice-president and secretary in 1955.

Creates Separate Appointive Post of La. Commissioner

The Louisiana house has passed a bill already okayed by the senate which would make the insurance commissioner a separate post. It had been combined with the jobs of secretary of state and custodian of voting machines.

An amendment was defeated which would have put off effective date on the measure to 1960, when the term of the present incumbent, Wade O. Martin Jr., expires. Martin was elected to his posts, but under the bill the insurance commissioner and his assistants would be appointed by the governor.

Gov. Long had sought the separation, in what he said was a move to curb Martin's political power. At a recent committee hearing the two struggled for the microphone and created a scene of some turbulence. The legislature has boosted the salary of secretary of state to \$15,000, almost as much as Martin's three jobs previously have paid him.

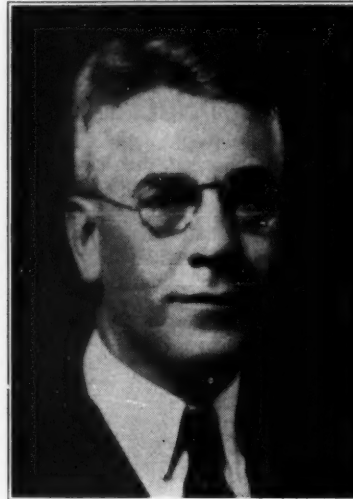
Sponsor of the measure in the house, Rep. Deshotel, argued that the insurance business is so important the state needs a full time commissioner. He said he had found 90% of the insurance people in favor of the legislation.

Daly General Agency Makes Six Promotions

Directors of the Daly general agency of Denver have elected Clarence J. Daly as president to succeed Fred R. Lanagan, who has retired. A. J. Chisholm has been named secretary replacing J. D. Cummings, retired, and R. H. Swearingen and F. L. Duncan have been named vice-presidents. Kenneth Grunwald has been promoted to agency superintendent, replacing Mr. Swearingen in that position, and Kenneth Warner has been named superintendent of fire underwriting, which position has been held by Mr. Cummings.

Catlin Retires as Vice-President of Aetna Casualty

The accident prevention department of Assn. of Casualty & Surety Companies and the safety education center



R. L. CATLIN

of New York university gave a testimonial luncheon to Robert I. Catlin, retiring vice-president of Aetna Casualty. He is also retiring as chairman of the advisory committee of the accident prevention department.

Edward R. Granniss, manager of the loss prevention department of Royal-Liverpool, presented Mr. Catlin a scroll in recognition of his safety work. Mr. Catlin was a member of the advisory committee for 22 years and has been chairman since 1954. He is currently chairman of the Connecticut safety commission.

Mr. Catlin joined the company in 1918 as assistant superintendent of automobile underwriting. He rose to secretary and was named assistant vice-president in 1930. He has been vice-president since 1938.

He was a director of National Automobile Underwriters Assn. and is a former vice-president of National Safety Council. He also served on the business advisory group at the 1954 White House Conference on Highway Safety and previously was a member of the advisory committee of the President's Highway Safety Conference.

Millers National Names Landis, Pelletier & Parrish Cal. General Agents

Millers National and Illinois Fire have appointed Landis, Pelletier & Parrish of San Francisco as general agents in California, Oregon and Washington. Landis, Pelletier & Parrish have service offices at Los Angeles, Seattle, Portland and other coast cities.

Rate for Ben Franklin Stores Not 35 Cents in Ill.

In reporting in the June 21 issue the coverage on the Ben Franklin stores through Interstate Fire & Casualty of Chicago, it was incorrectly implied that the rate for this is 35 cents in all territories. In Illinois, the business is written at Interstate's regular filed rates and forms.

It was also stated that assets of Interstate at the end of the year were \$1,034,129. These were the 1954 assets. As of Dec. 31, 1955, Interstate F. & C. had assets of \$1,954,745.

Eureka-Security, Monarch Fire Are Merged

The Ohio companies of the Pearl American group, Eureka-Security F.&M. and Monarch Fire were merged July 1. The continuing company is Eureka-Security F.&M., but with its name changed to Monarch Ins. Co. of Ohio.

Eureka-Security F.&M. was organized in Cincinnati in 1864 to write hulls and cargoes on the Ohio river. Monarch Fire was organized in Cleveland in 1934.

Pearl Assurance acquired both companies in 1934.

The combined net premiums written by the Ohio companies in 1955 were \$11,175,084. This compares with approximately \$2,600,000 in 1934. During the same period the combined assets increased from approximately \$9,200,000 to approximately \$24,500,000.

Administrative economies and increased facilities for agents, brokers and the insuring public are the reasons for the merger.

Travelers Appoints Haugh V-P and Has Other Changes

Charles J. Haugh has been appointed vice-president of Travelers and Travelers Indemnity. George A. Reynolds



W. E. Mason



Charles J. Haugh

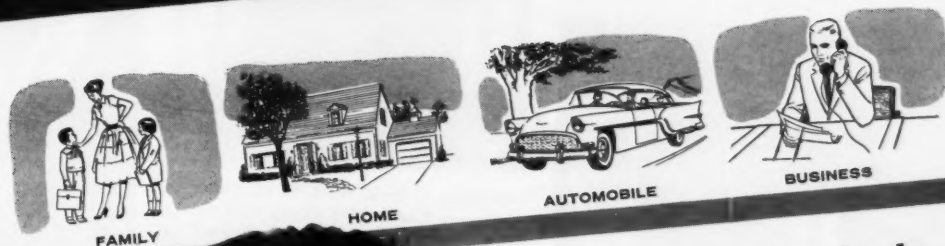
was named assistant secretary of Travelers.

Travelers also has appointed three managers.

Mr. Haugh has been second vice president of Travelers since 1954. He joined the company in 1944 as secretary of the compensation and liability department. He is executive committee member of National Bureau of Casualty Underwriters and Assn. of Casualty & Surety Companies, and is on the governing committee of National Council on Compensation Insurance the joint committee on interpretation and complaint, and the committee of classification of fire, marine and casualty insurance. He is chairman of the casualty association's committee on liability insurance for nuclear reactor operation and of the governing committee of Nuclear Energy Liability Insurance Association, and a member of the insurance study group established by Atomic Energy Commission.

He entered insurance in 1922 when he joined the actuarial department of the New York State Fund. Later that year he went to North Dakota State Fund as secretary and assistant actuary. Subsequently, he became actuary. In 1925 he became assistant actuary of National Bureau and in 1930 actuary. He served as secretary of the casualty

(CONTINUED ON PAGE 35)



It's a wonderful feeling
when they're all protected by
the policies with the

P.S.*

* Personal Service

Through one agent, and one company — the Aetna Casualty and Surety Company — you can get virtually every form of casualty, bonding, fire and marine protection.

And when you get Aetna Casualty protection for your family, home, automobile and business, you get far more than just insurance. You get *the policies with the P.S.* — the unwritten plus value that stands for Personal Service.

P.S. means helpful, expert attention to your special needs. It means close and continuing assistance from your Aetna Casualty agent . . . an experienced, independent business-

man. He works for you . . . keeping your insurance program up to date, serving you promptly and efficiently when accident or loss occurs.

And P.S. means you'll receive the same friendly cooperation wherever you go, from Aetna Casualty agents and claim offices coast to coast.

So why not get in touch with your Aetna Casualty agent today and enjoy the wonderful feeling which comes from knowing that the things you treasure most are protected by *the policies with the P.S.*

AETNA CASUALTY AND SURETY COMPANY

Affiliated with AETNA LIFE INSURANCE COMPANY • STANDARD FIRE INSURANCE COMPANY • Hartford, Conn.
ALL FORMS OF CASUALTY, BONDING, FIRE AND MARINE PROTECTION



Shown above is the current advertisement in Aetna Casualty's series of messages appearing in leading national magazines — on an average of 1 every 10 days. Each advertisement reaches many millions of people. Each is designed to tell the story of the personal service rendered by Aetna Casualty agents — and to acquaint the public with the advantages of buying insurance through an experienced, independent agent.

Camera View of Meeting of Midwest Agents and Company Managers at Chicago

Officers of the midwest conference committee of the Midwest Territorial Conference of NAIA, attending the meeting with company managers last week in Chicago: George A. Timm of Kenosha, secretary; Emil L. Lederer of Chicago, chairman, and Robert M. Byrne of Omaha, vice-chairman.



Earl R. Sanborn, western vice-president of Great American; Ray D. Warner of Fargo, and Frank L. Ludington, western manager of Atlas, on hand for the conference of agents and company men in Chicago.



Charles E. Dox, western manager of London & Lancashire group and newly elected vice-president of Orient & Safeguard, attending the midwest conference of agents and company managers in Chicago last week with Jack John of the W. F. Ryan Corp. of Cleveland.



At the midwest conference of agents and company managers last week in Chicago—

Top: E. A. Henne, vice-president and western manager of America Fore, with F. Vernon Griffith Jr. of Kansas City.

Bottom: Will S. Ellis, fire manager at Chicago of Royal-Liverpool group, and John Brodhead of St. Louis.

Two Royal-Liverpool Specialists Transfer

Royal-Liverpool group has appointed Robert Norton special representative to assist Joseph Wallace in the production of inland marine, burglary, glass, ocean marine and aviation at Trenton and Richard F. O'Brien special representative in the same lines at St. Louis.

Mr. Norton joined the group as an inland marine underwriter trainee in 1952 and transferred to East Orange in 1953. He has been an underwriter there since 1954. His new headquarters will be in room 432 Broad Street National Bank building.

Mr. O'Brien joined the group as a trainee in 1953 and transferred to Kansas City as an inland marine underwriter in 1954. His headquarters will be at 830 Cotton Belt building.

Ask 4.9% Increase in Missouri WC Rates

National Council on Compensation Insurance has filed a request for an over-all increase of 4.9% in Missouri workmen's compensation rates.

The filing would apply to new and renewal business only, effective Aug. 1, and provide for adjustment of rates or premiums on outstanding policies.

Canton Law Firms Merge

The law firm of Burt, Carson, Burt & Kienzle of Canton, O., which maintains an insurance adjusting department, has been merged with Amerman, McHenry, Jones & Morgan. James L. Amerman and Russell J. Burt are the senior partners in the new firm, which is known as Amerman, Burt, Shadrach, McHenry & Jones. The adjusting department will continue in the offices of the Burt law firm until new offices in the First National Bank are completed this fall, at which time the two law firms and the adjusting operation will move to the new building.

Attending the midwest conference of agents and company managers last week in Chicago—

Top: Dick Sloan of Kansas City and H. A. Clark, vice-president and western manager of Loyalty group.

Bottom: Leonard Peterson, vice-president of Home and president of Western Underwriters Assn., with P. S. Beebe, western manager of Hartford Fire and vice-president of WUA.



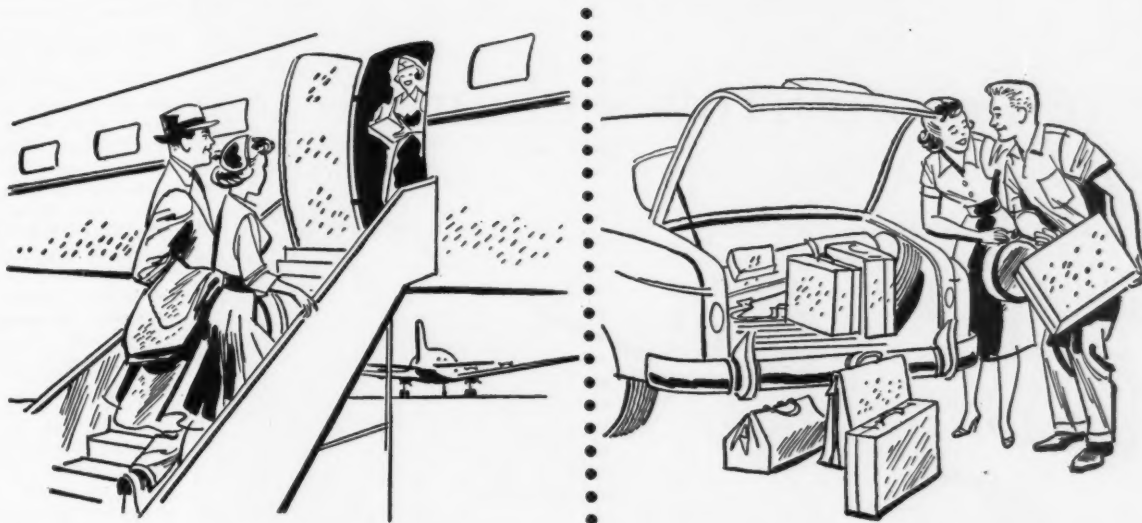
Herman P. Winter, vice-president in the western department of America Fore group, and E. H. Born, manager of Western Underwriters Assn., at the midwest conference of agents and company managers at Chicago last week.

*"Developing new techniques
and improving the old"*

WF&C
abash

WABASH FIRE AND CASUALTY INSURANCE COMPANY
INDIANAPOLIS, INDIANA

selling travel or selling Insurance...



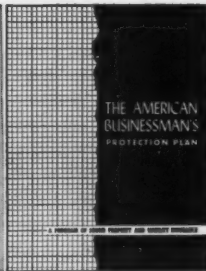
IT'S WISE TO MERCHANDISE

There are so many places to go and so many ways of getting there that only an expert can provide the best travel plans. He sizes up each customer's desires, needs and means and then maps out a trip, complete in every detail, to please each party.

Satisfying individual needs is the way to sell insurance, too. That is why the flexible American Businessman's Protection Plan is the best merchandising tool to sell specific prospects in all lines of business. This plan reveals all the prospect's insurable exposures and helps to develop a complete personalized program with broad coverage at a cost consistent with quality.

With **The American Businessman's Protection Plan** you sell complete accounts of insurance rather than individual lines. Put this profitable plan to work for you. Mail the coupon below for your free copy of **The American Businessman's Protection Plan** booklet.

THE American Insurance Company



THE AMERICAN INSURANCE COMPANY
15 Washington St., Newark, N. J. Sales and Adv. Dept. E-7

Send me a free copy of *The American Businessman's Protection Plan* Booklet which will help me to increase my earnings.

Name

Company

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U. S. APPEALS COURT

Failure to Read Wrong Policy No Bar to Revision

Failure of insured to read a mistakenly delivered policy to determine its provisions was not a bar to the policy's reformation. U. S. fourth court of appeals held in the case of Maryland

Casualty vs Morris Oil Corp., 8 CCH (Fire & Casualty) 965, in affirming a district court decision.

Insured purchased a policy which was thought to cover erroneous delivery of gasoline and oil. The policy delivered, however, actually excluded erroneous delivery of gasoline and oil though neither the agent nor insured was aware of it. A loss occurred due to a wrong delivery, and the insurer denied liability.

Testimony at the trial showed that the insurer erred in sending the wrong

policy and that the agent himself believed the delivered policy to be the correct one. Both parties agreed that there was no fraud on the agent's part. The appeals court said the district court was right in its conclusion that the agent himself believed that the endorsement headed, "Erroneous Delivery of Gasoline or Oil," which actually excluded the desired coverage, had precisely the opposite effect.

Meade, Talbot & Tate represented the insurer, and Epperly & Broadbuss was attorney for Morris Oil.

U. S. APPEALS COURT

Company Bound to Agent's Word Until Insured Notified

The insurer's agent had the apparent authority orally to revoke an attempted cancellation of a fire policy, U. S. appeals court ruled in the case of Western Millers Mutual vs Williams. The court affirmed a decision of U. S. district court of eastern Texas in which Thomas Hathaway represented the insurer and Rex Houston the insured, 8 CCH (Fire & Casualty) 939.

The standard form policy was written for a term of five years but the agent, R. L. Price, failed to deposit insured's first premium payment with the company. The company then sent a notice of cancellation to insured who after showing it to the agent was reassured that the cancellation would be revoked. Price then sent his personal check to the company to cover the first premium payment, and the company informed insured that the policy was reinstated. However the check bounced and the company terminated Price's agency and again cancelled insured's policy. The company did not inform insured of the agency termination and neither did Price. When insured complained to Price, the latter told him to disregard again the cancellation notice. Insured's home burned with a \$5,000 loss after the policy had been cancelled the second time and the company denied liability.

The appeals court held that the fact that the agent's actual authority had been revoked prior to the second cancellation did not bar an action since revocation by a principal of the general authority of an agent is ineffective between the principal and the third person dealing with the agent without notice of revocation. The court also ruled that the agent had the apparent authority to revoke an attempted cancellation because the company had ratified a prior act, thereby misleading the insured to believe that the agent had authority to effect a similar revocation again.

Deyber Chairman of American Fire of D.C.

American Fire of District of Columbia has created the new post of chairman and named Victor B. Deyber formerly vice-president to fill it. Will Fred H. Blanz was named vice-president and other officers are Edmund M. Emmerich, president, Stockton M. Hotze, secretary, and Chapin B. Baum, treasurer.

Two Join Republic Indemnity

Republic Indemnity of California has named Sidney Askanas supervisor of private passenger auto underwriting at the home office. Mr. Askanas joined Republic after eight years in the auto underwriting department of National Automobile Casualty.

Rudolph J. Maraz has joined the fire underwriting staff of the Republic general agency of Los Angeles. Mr. Maraz was with Northwestern National for 22 years before joining the agency.

Fredericksburg, Va., Assn. of Insurance Agents has elected Perry Eackles president, Joseph Janney vice-president and Milton Graves secretary (re-elected).

Where is tomorrow's champ—today?

Plenty of drive, the right approach, cool when the going's rough, consistently better than par—that's a champ . . . in golf . . . or in business.

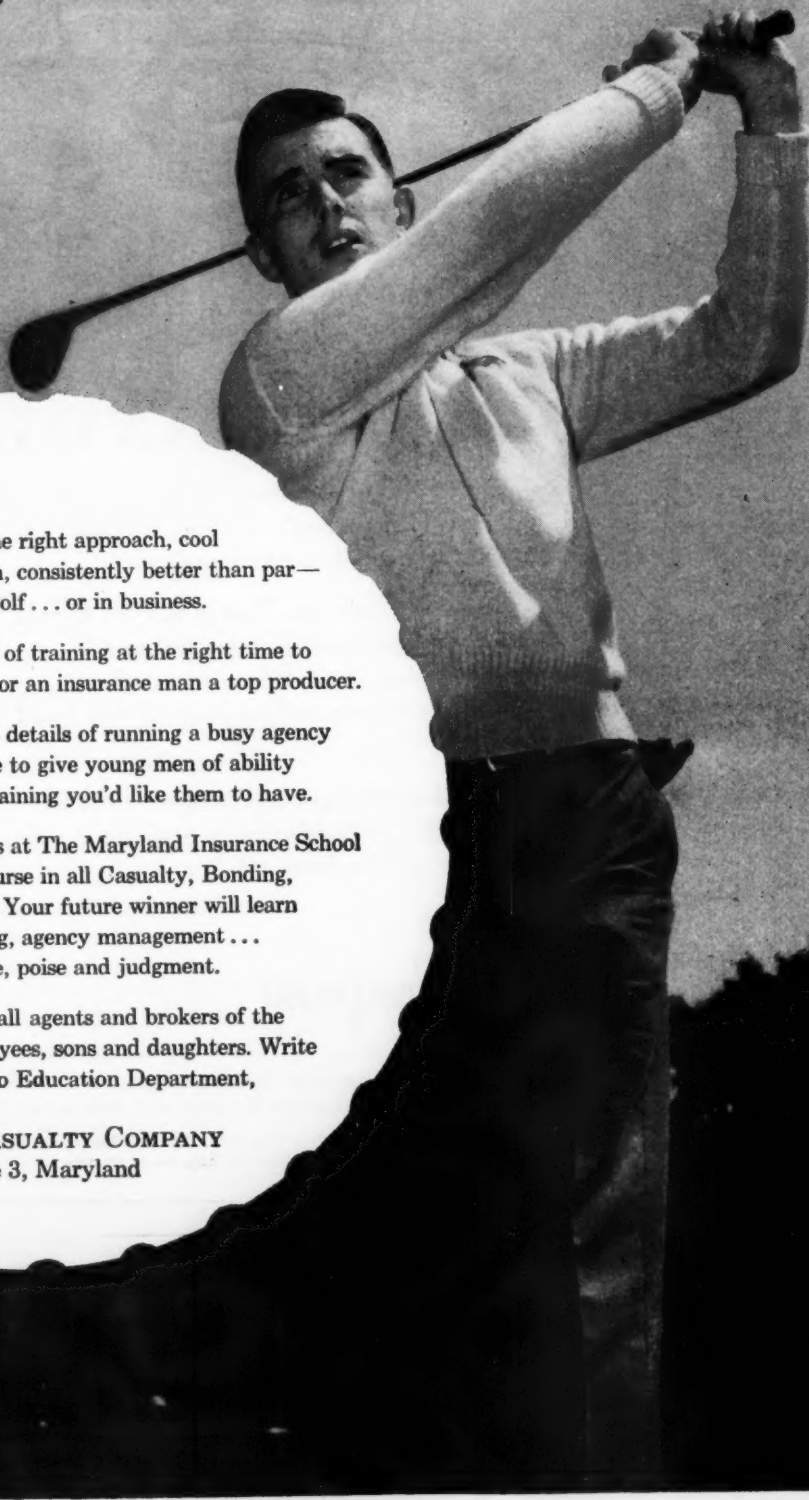
It takes the right kind of training at the right time to make a golfer tops . . . or an insurance man a top producer.

Too often, though, the details of running a busy agency give you too little time to give young men of ability in your office all the training you'd like them to have.

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Baltimore 3, Maryland



LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	\$ 5,406,999.79	Reserve for Losses	\$ 18,710,827.16
Mortgage Loans on Real Estate	946,030.04	Reserve for Loss Expenses	1,621,400.00
*Bonds and Stocks	162,401,031.61	Reserve for Unearned Premiums	52,622,853.30
Interest due and accrued	236,182.94	Reserve for Taxes and Expenses	3,290,258.00
Agents and Departmental Balances	3,803,131.44	Funds held under Reinsurance	
Real Estate	3,086,000.00	Treaties	5,845,871.38
Equity in Marine and Foreign Insurance Pools	9,721,363.39	All other Liabilities	1,261,182.18
All other Assets	1,365,827.61	Capital	15,000,000.00
Total admitted Assets	\$186,966,567.02	Net Surplus	83,614,175.00
		Total	\$186,966,567.02

SURPLUS TO POLICYHOLDERS \$103,614,175.00

Securities carried at \$3,808,805.91 in the above statement are deposited as required by law.

GIRARD INSURANCE COMPANY OF PHILADELPHIA, PA.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	\$ 534,201.96	Reserve for Losses	\$ 1,954,862.54
Mortgage Loans on Real Estate	1,283.32	Reserve for Loss Expenses	169,400.00
*Bonds and Stocks	14,240,435.20	Reserve for Unearned Premiums	5,864,044.20
Interest due and accrued	46,379.76	Reserve for Taxes and Expenses	382,318.00
Agents and Departmental Balances	178,165.49	All other Liabilities	17,574.18
Real Estate	150,000.00	Capital	1,000,000.00
All other Assets	262,765.55	Net Surplus	6,025,032.36
Total admitted assets	\$15,413,231.28	Total	\$15,413,231.28

SURPLUS TO POLICYHOLDERS \$7,025,032.36

Securities carried at \$795,543.41 in the above statement are deposited as required by law.

NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	\$ 851,570.55	Reserve for Losses	\$ 1,954,862.54
*Bonds and Stocks	13,320,277.37	Reserve for Loss Expenses	169,400.00
Interest due and accrued	37,914.18	Reserve for Unearned Premiums	5,497,910.04
Agents and Departmental Balances	1,749,124.28	Reserve for Taxes and Expenses	387,418.00
Real Estate	66,000.00	All other Liabilities	17,574.18
All other Assets	132,584.55	Capital	2,000,000.00
Total admitted Assets	\$16,157,470.93	Net Surplus	6,130,306.17
		Total	\$16,157,470.93

SURPLUS TO POLICYHOLDERS \$8,130,306.17

Securities carried at \$1,956,902.96 in the above statement are deposited as required by law.

MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	\$ 1,089,155.22	Reserve for Losses	\$ 5,306,055.46
Mortgage Loans on Real Estate	332,501.95	Reserve for Loss Expenses	459,800.00
*Bonds and Stocks	38,530,037.75	Reserve for Unearned Premiums	14,922,898.69
Interest due and accrued	99,954.84	Reserve for Taxes and Expenses	1,252,806.00
Agents and Departmental Balances	2,885,992.37	All other Liabilities	59,161.50
All other Assets	410,264.17	Capital	3,000,000.00
Total admitted Assets	\$43,367,906.30	Net Surplus	18,367,184.65
		Total	\$43,367,906.30

SURPLUS TO POLICYHOLDERS \$21,367,184.65

Securities carried at \$2,955,430.82 in the above statement are deposited as required by law.

ROYAL GENERAL INSURANCE COMPANY OF CANADA

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	\$ 39,031.74	Reserve for Taxes and Expenses	\$ 3,980.86
Bonds and Stocks	404,536.14	Capital	100,000.00
Interest Due and Accrued	2,945.21	Net Surplus	353,917.08
Agents and Departmental Balances	11,384.85		
Total admitted Assets	\$457,897.94	Total	\$457,897.94

SURPLUS TO POLICYHOLDERS \$453,917.08

Securities carried at \$55,720.22 in the above statement are deposited as required by law.

THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	\$ 2,050,054.39	Reserve for Losses	\$19,529,061.00
Mortgage Loans on Real Estate	13,788.26	Reserve for Unearned Premiums	13,846,779.68
*Bonds and Stocks	48,966,786.82	Reserve for Loss Expenses	2,247,095.00
Interest due and accrued	167,466.15	Reserve for Taxes and Expenses	1,647,113.89
Agents and Departmental Balances	3,509,949.53	Funds held under Reinsurance	
Equity in Marine and Foreign Insurance Pools	150,789.49	Treaties	197,366.55
All other Assets	231,563.29	All other Liabilities	167,463.00
Total admitted Assets	\$55,090,398.13	Capital	3,000,000.00
		Net Surplus	14,455,519.01
		Total	\$55,090,398.13

SURPLUS TO POLICYHOLDERS \$17,455,519.01

Securities carried at \$4,426,379.84 in the above statement are deposited as required by law.

COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	\$ 1,902,307.91	Reserve for Losses	\$24,001,921.00
Mortgage Loans on Real Estate	432,972.54	Reserve for Loss Expenses	2,664,267.00
*Bonds and Stocks	58,149,018.36	Reserve for Unearned Premiums	16,372,985.52
Interest due and accrued	175,081.72	Reserve for Taxes and Expenses	1,656,825.00
Agents and Departmental Balances	3,718,871.79	Funds held under reinsurance	
Equity in Marine and Foreign Insurance Pools	156,973.17	Treaties	663,218.89
All other Assets	276,839.35	All other Liabilities	119,854.37
Total admitted Assets	\$64,812,064.84	Capital	3,000,000.00
		Net Surplus	16,332,993.06
		Total	\$64,812,064.84

SURPLUS TO POLICYHOLDERS \$19,332,993.06

Securities carried at \$1,691,171.13 in the above statement are deposited as required by law.

*Valuations on basis prescribed by National Association of Insurance Commissioners

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206 Sansome St., San Francisco 4, Calif.

Western Department
120 So. LaSalle St., Chicago 3, Illinois

Southwestern Department
912 Commerce St., Dallas 22, Texas

Pacific Department
220 Bush St., San Francisco 6, Calif.

Canadian Departments
800 Bay St., Toronto 2, Ontario
335 Homer St., Vancouver 3, B. C.

New Storms Add to Mich. Record Wind, Hail Loss

LANSING—Another rash of tornadoes and windstorms in Michigan during the past week continued to send losses in the state this year toward a new all-time record if such a mark has not already been set.

Damage in the Battle Creek area in a windstorm exceeded \$250,000, agents

estimated. Another \$250,000 or more in claims was added in Gratiot county, north of here, when one or more tornadoes damaged many farm properties in the vicinity of Pompeii, North Star, and Perrinton.

Earlier wind and hail losses have been estimated at in excess of \$20 million this spring, with insured losses topping \$14 million.

The Browning, Coon, French & White agency of San Antonio has become **Browning, Coon & Becker**. Carlos

Coon and John Becker are the owners. John Becker was San Antonio manager for Maryland Casualty until he joined the agency in 1954, acquiring an interest later that year.

The Chicago law firm of **Eckert, Peterson & Lowry** has changed its name to Peterson, Lowry, Rall, Barber & Ross.

Badger Mutual of Milwaukee has opened a Michigan service office at Detroit with Carl Hollinger and Wallace Rascher in charge.

Ohio Casualty Stockholders OK 4 for 1 Split

Stockholders of Ohio Casualty have approved a 4 for 1 split in the stock whereby each outstanding par \$5 share will be converted into 4 shares at a par of \$1.25.

The stockholders are advised that their present certificates continue to represent the same number of shares but now automatically carry a par value of \$1.25 instead of the \$5 noted on the certificate. A certificate for three additional shares for each one now held will be sent stockholders within 30 days and will be added to the present certificates.

Officers intend to recommend that the regular quarterly dividend on the new stock be 12 cents per share and it is expected total dividends on the split stock will be equal to or greater than those paid on the old number of shares.

Merge General Re and North Star Re

The merger of General Re and its fire affiliate, North Star Re was completed as of June 30. The merger previously has been approved by stockholders of both companies and by the New York department.

General Re has acquired all assets and assumed all liabilities of North Star. Former officers of North Star will hold like offices in the surviving corporation.

General Re is now, or shortly will be, licensed as a multiple line underwriter in all states and Canada. Improvement in service to clients, the company stated, is expected to result from closer integration of underwriting and service activities.

Von Ville Heads Ohio Casualty Managers

L. F. Von Ville, U.S.F.&G., Columbus, has been elected president of Ohio Assn. of Casualty & Surety Managers. New vice-presidents are E. O. Platell, American Surety, Cleveland, and W. L. White, Standard Accident, Cincinnati, and R. T. Fielder, Yorkshire, Columbus, takes over as secretary.

New Minn. AR Rules in Effect

The ruling in Minnesota that applicants for automobile assigned risks insurance attach a photostatic copy of their driver's license record to the application went into effect July 1. The requirement also applies to anyone who drives the applicant's motor vehicle who has been convicted or forfeited bail for a motor vehicle conviction with the proceeding 36 months.

Liberty Mutual has named Oram Davies of Scotch Plains, N. J., claims manager at New York. He formerly was claims manager at East Orange.

COMP., LIA. & AUTO UNDW.

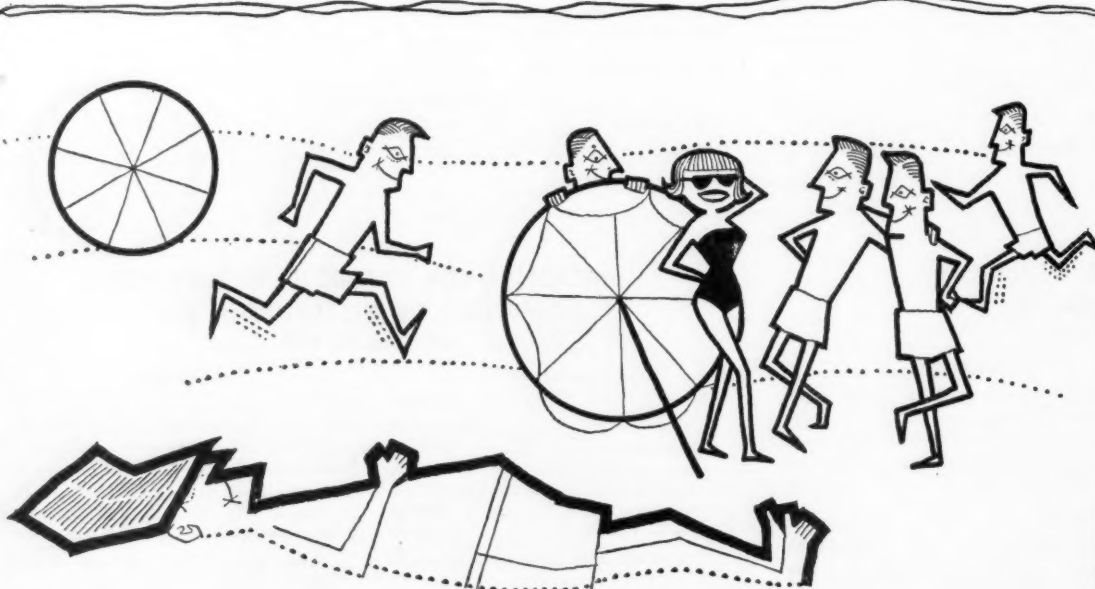
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TENANTS FORM *Expands the Personal Accounts Market* — that's the title of a very practical bulletin we've just published, reading-time about ten minutes. It outlines the features to look for in this valuable coverage, gives some details of their inclusion in the Security-Connecticut contract, makes some suggestions as to where, when and how to reach this promising, fast-developing market.

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How you can set your family up for house-keeping!

New York Life's low-cost MORTGAGE PROTECTION PLAN gives heirs cash to pay the balance due on your home.

A home is usually the most important purchase of a man's life. It's the possession he chooses with the greatest care... the one he wants most to protect for his family's present and future welfare.

That's why so many men today are taking out New York Life's insurance plans designed especially for mortgage cancellation. If he should die unexpectedly, such a plan assures a man that his family will immediately receive enough cash to pay off the mortgage remaining on his home. Yet the cost per month of this vital protection is very small.

Say, for example, you're age 30 and have a 20-year mortgage for \$10,000. You can buy a

\$10,000 Mortgage Protection policy at a premium cost of little more than \$6 a month. And dividends after the second year could be used to reduce premium payments. If you died the first year, your family would receive the full \$10,000. If you died later and mortgage payments had been kept up to date, they would receive at least enough cash to pay off the unpaid balance. During the last 5 years the amount would remain constant at \$5,000. And after 30 years, the policy would terminate without value. This is decreasing term insurance.

An alternate plan combines decreasing term insurance with permanent life insurance. While premiums are somewhat higher, this plan builds cash value which can be used for your own retirement. Or you can continue life insurance protection after you've paid off your mortgage.

Ask your New York Life agent about this low

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New Multiple Forms Will Produce Problems for Adjusters, Agents and Public

Wesley G. Angell, manager of the claims division of Mutual Fire Insurance Assn. of New England, discussed the growing transition to package policies and its effect on claims, adjusters, agents and the public, in a talk before Vermont Assn. of Insurance Agents.

With integration of fire and inland marine with casualty, he said he hoped

there will develop a uniform adjustment concept that the public is entitled to courtesy, justice and consideration of claims on merits, whether first or third party.

"Multiple line insurers cannot afford to play Dr. Jekyll and Mr. Hyde," he believes. Today the third party claimant may also be the company's cus-

tomer under another contract. The company's adjuster who treated him shabbily on the third party claim is due for a hard time when he meets that adjuster again on a fire or allied line loss.

Under multiple line, insurers are using staff casualty adjusters, trained in third party claims, on fire and other first party losses, he observed. Will the casualty trained man strip his mental gears, shifting back and forth between the tough third party approach and customer-company relationship of

first party losses? Or will he fail to shift? Will adjusters trained in physical damage losses, who now are adjusting third party claims under homeowners and combination auto policies, be aware of legal pitfalls and the peculiar values in claims? The question is quite important in outlying areas with insufficient business to support specialists. Here the all-around adjuster is needed who can handle routine claims in all categories.

Mr. Angell called attention to some of the features of multiperil covers that, he predicted, will cause trouble and create poor public relations. One is the disappearing deductible in the homeowners C, which provides that the \$50 deductible shall not apply when the loss, including the deductible, exceeds \$500. If the loss is \$475, insured will collect \$425, he pointed out, but if he can somehow build the claim up another \$26 he will evade the deductible and collect \$76 more, or \$501.

"Once the claim passes \$400, insured will have a fighting chance to get the claim boosted to \$501," he declared. "We predict a big slump in losses adjusted under this clause between \$400 and \$500 and a big increase in losses of more than \$500. What good will be gained by taking the deductible when it represents more than 10% of the loss and waiving it when it is less than 10%?"

He criticized the following paragraph under replacement cost coverages in the dwelling building and contents broad form and the dwelling building special form as arbitrary, argumentative and difficult to adjust: "In the event of a loss to a building structure covered under this policy, when the full cost or repair or replacement is both less than \$1,000 and less than 5% of the whole amount of insurance applicable to the building for the peril causing the loss, the coverage is extended to include the full cost of repair or replacement without deduction for depreciation."

Mr. Angell observed that under certain situations, by minimizing part of the loss, insured can collect substantially more. Suppose insured has \$20,000 cover on a dwelling with a replacement value of \$35,000. He does not qualify under the 80% to value but is entitled to replacement cost without depreciation if the replacement cost is less than \$1,000—this figure also being 5% of the insurance in this example. The adjuster in this case estimates total loss at \$1,050 and since it is more than \$1,000 he applies depreciation, which is \$560. Insured is entitled to \$490.

However, that is not the way the loss will be adjusted, Mr. Angell predicted. He pointed out that insured will try to omit some small claim to bring his total claim to less than \$1,000. The adjuster is due for a rough time, either with insured or his conscience. If he shuts his eyes to dropping claims to get the total under \$1,000, it may cost his company more than the depreciated loss. If he holds his ground on a true adjustment, insured will file proof of loss for \$999 and, if rejected, will call for a reference or appraisal. Insured will be tempted to conspire with heating and painting contractors to put in a low estimate for the appraisers, just low enough to keep the combined total under \$1,000.

Insurers should not write contracts that put a premium on sharp practices, he said. He suggested the addition

(CONTINUED ON PAGE 26)



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THEFT...



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THE MONARCH INSURANCE COMPANY OF OHIO

CINCINNATI, OHIO

Vincent L. Gallagher, *President*

*** ADMITTED ASSETS**
\$24,522,487



*** LIABILITIES**
\$14,728,833

*** SURPLUS TO POLICYHOLDERS**
\$9,793,654

* Based on the December 31, 1955,
financial statements of the merged companies.

FIRE — AUTOMOBILE — INLAND MARINE — CASUALTY

— Founded 1864 —

DIEMAND TELLS CPCUs

Competition Will Force Insurers to Cede Less Business and Underwrite it More

The prospect is for a growing domestic reinsurance market which will become aggressively more competitive, J. A. Diemand Jr., vice-president of North America, told the eastern CPCU institute at Storrs, Conn.

Asked to dwell on the American attitude toward reinsurance, Mr. Diemand did so by examining the appetite of the domestic market for insurance and reinsurance, by considering the nature of reinsurance itself and the traditional markets for it, and finally by giving some brief observations on the factors which are operating to change the existing pattern.

He sees developments ahead which will require insurers to reinsure less to keep up volume—and therefore to underwrite more; expansion of insurers by line, and the writings of more reinsurance by insurers.

The most recent figures available show that the non-life companies of the U. S. have assets of more than \$20 billion, policyholders' surplus of more than \$8 billion and written premiums of less than \$10 billion, he observed. Twenty billion dollars is a broad base for carrying risks and should be sufficient for the needs of domestic companies.

However, this full amount is not available. It is divided 75% stock companies, 20% mutuals and 5% reciprocals and Lloyds. Between these major groupings there is traditional animosity and unwillingness to cooperate. Even within each group there are schisms of one sort or another. There are the orthodox, the unorthodox, the neoorthodox, the quasi-orthodox, the heterodox and the deviationists. All of them in varying degrees have a doctrinaire aversion to doing reinsurance

business with the lesser breeds outside of their creed.

The effect of this is to reduce the available U. S. reinsurance facilities to a small fraction of potential, he said. This is in odd contrast to underwriters abroad, led by Lloyds, who take the broad view that underwriting is underwriting, not a battle of doctrines, and that a proposition, so long as it is reasonable, honest, and shows a fair promise of profit, is well worth entertaining. The result is that there is an artificial shortage of reinsurance in the U. S. while underwriters abroad, with less assets but more gumption, have taken advantage of the situation and earned a well-deserved profit.

While the schizoid personality of American insurance has been a factor in limiting the development of a domestic reinsurance market, it is by no means the only one, nor even the predominant one. The reason is much more simple: There merely has been no demand to create it.

The American economy has grown faster than American insurance, and because of this there generally has been an abundance of business available in terms of the effective underwriting capacity. Domestic insurers, therefore, could afford to lay off reinsurance wherever they would without creating any appreciable shortage of underwriting income within the business. Thus American insurance as a whole always has had enough gross premium income to permit it to make heavy purchases of reinsurance and still end up with sufficient net premium income.

Another phase of this condition deserves consideration: Where sales are abundant, it is easier to be a retailer or distributor than to be a manufacturer. In terms of insurance this means that where premium income is abundant, it is easier to accept a large quantity of business and lay off a substantial proportion of it than it is to live with a smaller volume of business which is kept net. In practical terms, this means that many companies have acted more as sales agencies than as underwriters. Mr. Diemand observed. They have devoted their efforts and available assets to the production of large quantities of business. By means of reinsurance they have relieved themselves of the violent ups and downs of the underwriter's existence and have settled into a comfortable niche where they have a very stable profit on a satisfactory net premium income. Their reinsurers, on the other hand, have carried the heavy burdens of underwriting and have earned both the rewards and penalties that are the lot of the true underwriter.

From this philosophical background it is not surprising that few reinsurance underwriters appeared, he said. If a company can make a satisfactory income for itself using standard rates, standard forms, standard practices and heavy reinsurance, what incentive is there for it to follow the rocky path of the reinsurance underwriter? In American insurance as a whole there is yet no great compulsion to enter the reinsurance field. The necessity does not exist because there is access to relatively painless income from the usual sources. The incentive to enter reinsurance exists in those companies which feel they must do so in order to keep their assets at work because, for one reason or another, they have substantial capacity still available after taking care of the insurance requirements of their customers. Another

group consists of those for which reinsurance is the sole source of income, the professional reinsurers. There are several excellent indigenous companies in this field but the majority in number are foreign-owned. They have chosen the medium of reinsurance as being the one best suited to a company which can establish itself with a minimum outlay for organization. By and large, they have done an excellent job.

Mr. Diemand divided reinsurance into two general fields—low pressure business and high pressure business. This is roughly comparable to the terms used by direct writers, who refer to preferred business and accommodation business.

Low pressure business in fire is a traditional pro rata surplus treaty. The reinsurer's exposure to loss is expressed in modest multiples of the ceding company's exposure to loss. The limits for the treaty as a whole are frequently a fraction of the premium volume and the treaty in itself constitutes a balanced book of business. The reinsurer receives a proportionate share of the original premium less only a discount (erroneously referred to as a commission). It is this discount, indeed, which constitutes the principal problem for reinsurers. At the risk of oversimplifying, it is probably the only technical problem involved in the garden variety fire surplus treaty, and even this problem is normally resolved by the push and pull of the market place and not by any abstruse mathematics or profound knowledge of economic affairs. In recent years there has been an accelerated trend towards the use of spread-loss or "Carpenter plan" covers as a supplement to or replacement of the first surplus treaty. Their characteristics are similar, they operate within a range of credibility with relatively modest limits and substantial premium income.

With appropriate modifications, these same remarks would hold true
(CONTINUED ON PAGE 28)

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REPORT ON STATE FARM/Claim Service



HIS JOB: HAPPY ENDINGS

He's one of more than a thousand State Farm adjusters who help speed auto insurance claims to "happy endings" for policyholders, agents, and State Farm Mutual.

Claim service at State Farm Mutual starts with a local agent, a man the policyholder usually knows. Agents help make out accident reports, inspect damages, and speed repairs. But when the agent needs help, there's a trained staff of State Farm claim adjusters standing by.

These adjusters work out of field offices in more than 400 key cities all over the country. They work for State Farm only—on a salary—and are the largest staff of full-time salaried adjusters in the auto insurance industry. Be-

cause their job is so important, State Farm picks and trains them with special care.

Each new adjuster, usually a lawyer by training, attends a 4-week "Claim School" at State Farm's home office. Here he learns about State Farm, its high standards, and unique procedures that speed claim handling. He studies policy contracts, automobile repairs, human anatomy, and common injuries. Back home, he broadens this knowledge with further on-the-job training.

State Farm finds its agent-adjuster team setup brings about "happy endings" in more than one sense:

• Every dollar due is paid promptly, and policyholders are reassured by the warm feeling of working with men who are "on their side."

• Through claims contacts, agents gain good will and increased knowledge of policyholders' insurance needs—both vital factors when you also sell life and fire insurance.

• State Farm continues to build its reputation for claim service that is fast, fair and friendly—another reason why State Farm Mutual continues to insure more cars than any other company in the world.

This is another in a series of advertisements to acquaint you with State Farm Mutual Automobile Insurance Company, Home Office, Bloomington, Illinois. If you want to know more about any aspect of State Farm operations, simply write: "Director of Public Relations."



October 1, 1956



will be back-to-school day for agents who enroll in Royal-Liverpool's AGENTS' SCHOOL.

Offered twice a year, this seven week course provides a thorough basic knowledge of general insurance and an opportunity for advanced learning.

Call your Royal-Liverpool Multiple-line fieldman for information or write to our Education Department.

ROYAL • LIVERPOOL Insurance Group

CASUALTY • FIRE • MARINE • SURETY
150 WILLIAM ST., NEW YORK 38, N. Y.

ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY, LTD. • ROYAL INDEMNITY COMPANY
GLOBE INDEMNITY COMPANY • QUEEN INSURANCE COMPANY OF AMERICA • NEWARK INSURANCE COMPANY • STAR INSURANCE
COMPANY OF AMERICA • AMERICAN AND FOREIGN INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE
COMPANY, LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY

Convention Dates

July 12-14, International Assn. of Insurance Counsel, annual, Greenbrier hotel, White Sulphur Springs, W. Va.
Aug. 8-10, Alaska Assn. of Insurance Agents, annual, Fairbanks.
Aug. 12-15, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.
Aug. 19-24, Blue Goose Golden Anniversary Convention, Schroeder hotel, Milwaukee.
Aug. 20-21, South Dakota Assn. of Insurance Agents, annual, Cataract hotel, Sioux Falls.
Aug. 20-22, International Federation of Commercial Travelers, annual, The Greenbrier, White Sulphur Springs, W. Va.
Aug. 22-24, Federation of Insurance Counsel, annual, Shamrock hotel, Houston.
Aug. 23-25, Texas Assn. of Mutual Insurance Agents, annual, Ft. Worth.
Aug. 26-28, Wyoming Assn. of Insurance Agents, annual, Jackson.
Aug. 30-Sept. 1, Montana Assn. of Insurance Agents, annual, Helena.
Sept. 5-7, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.
Sept. 6-7, Minnesota Assn. of Insurance Agents, annual, Hotel Duluth, Duluth.
Sept. 9-10, Vermont Assn. of Insurance Agents, annual, Middlebury Inn, Middlebury.
Sept. 9-11, Washington Assn. of Insurance Agents, annual, Davenport hotel, Spokane.
Sept. 9-12, Idaho Assn. of Insurance Agents, annual, Sun Valley.
Sept. 10-11, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.
Sept. 10-12, New Hampshire Assn. of Insurance Agents, annual, Crawford House Club, Crawford Notch.
Sept. 12-14, Maine Assn. of Insurance Agents, annual, Samoset hotel, Rockland.
Sept. 12-14, Society of CPCU, annual, Cincinnati.
Sept. 12-14, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.
Sept. 16-18, Insurance Federation of North Dakota, annual, Bismarck.
Sept. 17-18, Minnesota Assn. of Mutual Agents, annual, Leamington hotel, Minneapolis.
Sept. 17-19, International Claim Assn., annual, Hotel Chamberlain, Old Point Comfort, Ft. Monroe, Va.
Sept. 17-20, National Assn. of Insurance Agents, annual, Waldorf-Astoria, New York.
Sept. 18-21, Mutual Loss Managers' Conference, Hotel Statler, New York.
Sept. 24-25, Utah Assn. of Insurance Agents, annual, Bedford Springs hotel, Bedford Springs.
Oct. 7-9, Pennsylvania Assn. of Insurance Agents, annual, Bedford Springs hotel, Bedford Springs.
Oct. 7-10, National Assn. of Casualty & Surety Agents, annual, White Sulphur Springs, W. Va.
Oct. 7-10, National Assn. of Casualty & Surety Executives, annual, The Greenbrier, White Sulphur Springs.
Oct. 11-12, Nebraska Assn. of Insurance Agents, annual, Hotel Cornhusker, Lincoln.
Oct. 14-16, Missouri Assn. of Insurance Agents, annual, Hotel Statler, St. Louis.
Oct. 14-17, Federation of Mutual Fire Ins. Companies, annual, Sheraton-Gibson hotel, Cincinnati.
Oct. 14-17, National Assn. of Mutual Insurance Companies, annual, Sheraton-Gibson hotel, Cincinnati.
Oct. 15-17, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.
Oct. 15-17, Ohio Assn. of Insurance Agents, annual, Cleveland.
Oct. 18, North Dakota Assn. of Insurance Agents, annual, Eagles Club, Bismarck.
Oct. 16-17, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.
Oct. 17-19, Insurance Accountants Assn., annual, Hartford.
Oct. 19-20, South Carolina Assn. of Insurance Agents, annual, Myrtle Beach.
Oct. 21-23, Insurers of Tennessee, annual, Noel hotel, Nashville.
Oct. 21-23, Maryland Assn. of Insurance Agents, annual, Lord Baltimore hotel, Baltimore.
Oct. 22-23, Arizona Assn. of Insurance Agents, annual.
Oct. 22-24, National Assn. of Mutual Insurance Agents, annual, Shoreham hotel, Washington, D. C.
Oct. 22-24, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.
Oct. 22-24, Western Underwriters Assn., annual.
Oct. 25, American Institute of Marine Underwriters, annual, New York.
Oct. 28-30, Kansas Assn. of Insurance Agents, annual, Broadview hotel, Wichita.
Oct. 28-30, Illinois Assn. of Insurance Agents, annual, Springfield.
Nov. 7-9, Michigan Assn. of Mutual Insurance Agents, annual, Pantlind hotel, Grand Rapids.
Nov. 8-9, Illinois Assn. Mutual Insurance Agents, annual, Kaskaskia hotel, La Salle.
Nov. 11-13, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.
Nov. 16-17, Kansas Assn. of Mutual Insurance Agents, annual, Jayhawk hotel, Topeka.
Nov. 26, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel, Chicago.
Nov. 26-28, American Mutual Alliance, annual, Edgewater Beach hotel, Chicago.
Dec. 5-7, National Assn. of Insurance Commissioners, semi-annual, di Lido hotels, Miami Beach.

"May I Have A Word With You?"

June 30th ended a big vacation contest for Buckeye Union agents.

Last January individual quotas were assigned agents. If they made their quotas, and



MR. JONES

about three-fourths of them did, they are being invited to spend four days as our guests at a famous summer resort.

The biggest advantage to the companies in sponsoring a vacation of this type is different than you think. The increased production is nice—sure, but our big benefit comes when new agents discuss company operations with some of the agents who have represented us a good many years.

These agents have had the opportunity of seeing how Buckeye Union operates under various conditions. They know, better than I do probably, just why they direct so much of their business to us.

Our new agents will hear the story behind Buckeye Union, and how they have received individual assistance. They can't help but be impressed with the sincerity of these old timers when they say something good about Buckeye Union. They're proud of the companies, and we're proud of every one of them.

Another important advantage to agents and company personnel is that they get to know one another. It's a lot easier to do business with people you know.

We are presently operating in Ohio, Pennsylvania, Indiana, Michigan, Kentucky and West Virginia. If you'd like to represent fast-growing stock companies that are sincerely interested in the welfare of each of their agents, give us a call. We have a branch office near you.

F. E. Jones
PRESIDENT

**BUCKEYE UNION
INSURANCE COMPANIES**

Fire — Casualty

Columbus 16, Ohio

Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

GAB Pacific Coast Department Organizes Reserve of Adjusters for Catastrophes

Training programs now practically completed in five localities in the 11 western states supervised by the Pacific coast department of General Adjustment Bureau have added a "reserve force" of some 75 storm adjusters who can be called to assist GAB with catastrophe loss adjustments.

Trainees have completed basic schools at San Francisco, Los Angeles, and Pueblo, Colo. A refresher course for storm adjusters has been conducted at Denver and a basic school is to be held soon at Billings, Mont. Storm adjuster trainees include men retired from active, full-time work, such as army and navy officers, and high school teachers who are available to serve as storm adjusters in the summer months when most rain, wind and hail storms occur. Professional and occupational experience have qualified trainees to learn how to handle storm losses quickly.

The course, a part of the education and research division, under the direction of Assisting General Manager John W. Park, begins with lectures and homework assignments. At San Francisco, a recent course was conducted by Executive Assistant Donald M. Irwin and L. M. McKinley, manager of the recovery division of GAB. Ira W. Corburn, local contractor, appeared before students to demonstrate nomenclature, damage surveys and reconstruction problems of frame dwellings. He used a scale model of a house showing all degrees of construction (see photo below). Representatives

of roofing firms and others associated with the construction industry have lectured to classes in other cities.

Classroom sessions are followed by a 60-day field training period, in which trainees learn to handle claims, with an experienced staff adjuster at their side to supervise the adjustment from beginning to end. Next comes a period in which trainees go into the field on their own to make inspections and surveys of actual losses, reporting back to the staff adjuster. When this phase of training is completed, they are assigned to the reserve manpower pool as storm adjusters, to be used primarily in their own locality. Assignments may be made, however, anywhere in the Pacific coast department, or nationally, should catastrophe conditions require it.

Since storm adjusters schooled under this program are placed on temporary payroll for their advanced training, many continue to gain field experience as local conditions permit by handling claim assignments.

AMA Insurance Seminars August 13-17 at Colgate

The insurance division of American Management Assn. will hold orientation and workshop seminars Aug. 13-17 at Colgate university.

The workshop seminars will be led by Bion H. Francis, Olin-Mathieson Chemical Corp., on self insurance and the use of excess and deductibles; Richard Burke, Carborundum Co., on fire and property cover, and William

B. Wiltshire, Glen L. Martin Co., on liability protection.

The seminar on fundamentals of insurance buying will be conducted by Ernest L. Clark, president of Corporate Advisors of New York, and Casimir Z. Greenley, International Minerals & Chemical Corp.

Invents 2-Key Ignition to Limit Teen Speeding

A two-key ignition system, designed for father and son use, has been invented by an Albany, Ky., man. The system is reportedly of simple construction, tamper-proof and reasonably inexpensive.

When operated with only one key, a governor would limit the speed of the car to one agreed on by authorities. To reach higher speeds, both keys would be necessary.

North America's Idea Saves Rubber Shippers

A new method of storing crepe rubber aboard ships, suggested by North America, is saving shippers, importers and insurers thousands of dollars a year.

Crepe rubber, because of its naturally sticky qualities, had heretofore required considerable dunnage, such as boards and reed mats, to keep the exposed bales separated. Even then, many bales were damaged when the dunnage was removed after a voyage from the far east.

The new method is termed "on end" stowage. As the rubber is baled, a small square of burlap is placed on two of the six ends of the bale. When stored, the bales are rotated and stacked so that burlap is always in contact with an exposed side. The burlap prevents fusion and contamination from the use of other separators.

New Auto Hail Loss Formulae Published

George Good, Inc., Chicago, publishers of Collision Guide, have released supplemental formulae for estimating repair costs and loss-in-value for hail damage to automobiles.

The repair cost formula is based on the number of dents, multiplied by a tested factor plus refinishing allowances. Loss-in-value adjustments are hinged to the current retail value of the car and are also figured in relation to the number of dents.

Set Hearing on N. C. Auto Rate Decreases

Commissioner Gold of North Carolina has scheduled a public hearing July 12 on the auto liability rate filing of North Carolina Automobile Rate Administrative Office. For private passenger cars the rate office proposes to increase BI rates an average of 1.2% and decrease property damage rates an average 2.7%, for an average decrease of .4%. For commercial autos, the proposal would decrease BI by 1.2% and PDL by 16.8%, for an average decrease of 9.8%.



I. A. Rosenbaum Jr. of Meridian, Miss., (right) receives the J. H. Johnson memorial award for distinctive insurance service from E. H. Ruble of West Point, Miss., at the annual convention of Mississippi Assn. of Insurance Agents at Edgewater Park. Mr. Rosenbaum was instrumental in helping establish insurance courses at Mississippi university and Mississippi State college. He is chairman of Southern Insurance Institute, which will be held July 9-13 at Mississippi university.

FCIC Deficit Stands at \$13.3 Million

Federal Crop Insurance Corp. will have a deficit of \$13.3 million mid-1956, it has been estimated. This will leave only \$13.7 million in capital funds of the \$27 million capital stock issued. Premium income for the year has been estimated at \$24 million.

At a recent hearing before a House appropriations subcommittee on supplemental appropriations FCIC requested \$13 million appropriation to pay for FCIC capital stock, as provided in the FCIC act.

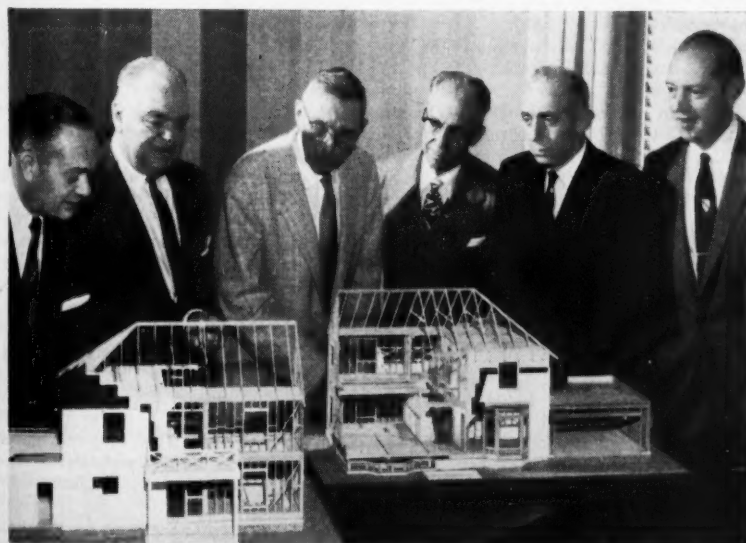
C. A. Fretts, who was acting FCIC manager until Frank McCartney took over as manager recently said that FCIC is gathering experience which should encourage private insurers to enter the crop insurance field.

Rep. Whitten said that private insurers would get the cream of the insurance and leave FCIC the less desirable risks. He said he believes FCIC would be better off if it kept insurers out, unless they buy FCIC out completely. He said he did not want to turn business over to insurers whose experience has been good and then be left with places like the 14 dust bowl area counties in which FCIC is withdrawing its wheat program.

Mr. Fretts told of plans of insurers to operate in 52 counties in seven states insuring corn, tobacco and soybeans. The companies will not operate in counties where FCIC operates and the FCIC and the insurers have a working agreement that the former will not operate in counties where the insurers do.

Mr. Fretts said that FCIC has been requested to provide coverage on oysters.

Ralph A. Ecoff, insurance manager of Missouri Pacific Lines, retired July 1 after 51 years with the railroad.



Among the visual aids for instructing storm adjusters to handle disaster claims are two identical model frame dwellings constructed to the scale of 1:24 in exact detail. John W. Park, assistant general manager (left), points out after construction while Ira W. Coburn, the contractor who built the models, looks on. Observing are four storm adjuster trainees, H. W. Hill, H. H. Tiemroth, J. L. Brown and J. R. Buckles.

Reviews Problems Involved In Alleged or Illusory Explosions

The indefinite concept of "explosion" in the eyes of the law was blamed for contributing to the problem which insurance companies face in losses involving alleged or illusory explosions by Donald N. Clausen of the Chicago law firm of Clausen, Hirsh & Miller at the annual meeting of National Assn. of Independent Insurance Adjusters.

He cited several cases which pointed out that the courts seem to agree that the term explosion does not admit of exact definition. "Operating on this principle," he said, "the courts have recently exhibited a tendency to enlarge the meaning of the word 'explosion' as used in insurance policies. The law is settled on the fact, however, that it does not take a scientific-

ly trained expert to tell whether a certain occurrence is or is not an explosion.

"There are still some fixed and conventional standards by which the courts measure an occurrence to determine whether it was or was not an explosion. Fortunately all judicial definitions and concepts of explosion involve the indispensable element of suddenness, or instantaneous reaction. Conversely, any occurrence which is the product of forces operating slowly and over an extended period of time is not an explosion."

Mr. Clausen pointed out that despite the stability provided in these definitions, there are many unusual occurrences which are held to be explosions by courts. He cited cases in which the courts held the following to be explosions: The bursting of a pipe or fire hydrant as the result of the force of water hammer action, the bursting of a common home radiator caused by frozen water, the expulsion of a soda bottle cap caused by excessive gas pressure, and others.

"Some of these cases are surprising," he said, "since it used to be considered that in order to have an explosion, there must be a change in the chemical or molecular structure under heat or chemical reaction."

Mr. Clausen said that the pattern usually followed by the claimant in trying to make an explosion out of an "illusory explosion" is to take the conventional definition of explosion and attempt to prove each element of the definition, or to show that the occurrence in question had all or many of the characteristics of an explosion.

He quoted one of the best and most often used definitions as: "An explosion is a sudden release of energy, accompanied by a noise, a change in volume and a going-away of material from the source of the explosion."

Mr. Clausen said insured in an "alleged explosion" case tries to make the bare definition prove the occurrence has a release of pentup energy or pressure, that the release was sudden, that there was noise and a going-away or scattering of material. In trying to establish similitude to a true explosion where some of the elements of the definition are lacking, insured often play up the element present in order to make out a case for the jury, he noted.

Among some recent claims of explosions are those stemming from the 1951 flood in Missouri. Grain contained in terminal elevators in the path of the flood became saturated with flood water. It is common knowledge that when grain absorbs water it swells; the swelling process exerts pressure in all directions. In three cases, the swelling pressure of the grain slowly and gradually, over a period of many hours, disengaged metal hopper bottoms at the bottom of the bins, or in some cases caused cracks to appear in the walls of the bins; as a result of such action, in some cases grain was lost, and in others structures were damaged. None of these claimants carried flood insurance, and therefore, if they were to recover at all, they were compelled to torture the occurrence into an explosion. It seemed

Grants New Trial in Alleged Explosion Case

Judge Benton in district court of Wyandotte county, Kan., has granted a new trial of the suit in which the Rock Island railroad was awarded \$71,942 in damages allegedly caused by an explosion in its grain elevator in the Armourdale district of Kansas City, Kan., following the flood there in 1951.

Underwriters Grain Assn. was defendant in the case, and after the \$71,000 award filed a number of post-trial motions, including one for a judgement notwithstanding the verdict. All of the motions were overruled by Judge Benton, except that for a new trial, although the judge said that on the question of a judgement notwithstanding the verdict he realized "there is a very grave doubt as to whether or not plaintiff's testimony is sufficient to establish by a preponderance of the evidence 'an explosion.' However, the court feels that this question of loss should be determined by the supreme court of the state of Kansas..."

The policies on the Rock Island railroad covered insured against loss caused by explosion, but limited explosion to that which resulted from "the hazards inherent in the business as conducted therein, and not otherwise." The railroad did not have flood insurance.

One of the grounds for granting a new trial was that the railroad had failed to introduce any testimony from which the jury could determine that even if an explosion had occurred it resulted from a hazard inherent in the conduct of the grain elevator business.

In his opinion Judge Benton brought up a point not mentioned by the railroad or Grain Association, the amount of the award. The judge said this amount evidently was derived at by the jury "either through pure speculation or conjecture, or as a pure compromise, as there was not a scintilla of evidence in the record upon which the jury could set such an amount at plaintiff's damage." He went on to

clear that the loss suffered by these claimants was due only to flood and that the occurrences could not possibly come within any judicial or scientific definition of explosion. In each of the cases the insurance companies simply contended that the occurrences were not explosions and the trial courts realistically confirmed this view.

Mr. Clausen reviewed several other cases which had been decided in favor of insurance companies but warned that insurers can not always depend on the vigilance of the courts to protect them against sheer conjecture on the part of juries.

"When a claim is presented which labors and strains to distort an excluded event into one covered by the policies, companies not only have the right to resist such a claim but have a duty to the industry and the public to follow their honest convictions and vigilantly resist such claims," Mr. Clausen concluded.

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REINSURANCE EXCLUSIVELY

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comment that the grain elevator, after being fixed, was in better condition than it had been before the loss, according to testimony, but the judge said if the Rock Island is entitled to recover at all it is entitled to an amount reasonable to repair damage and put the elevator back into approximately the same condition as it was prior to the damage.

The granting of a motion for a new trial does not necessarily mean that the case has to be retried, since under Kansas law an appeal can be taken from an order overruling the Grain Association demurrer to the evidence, which was made at the close of the case presented by the Rock Island.

Attorneys for Grain Association were Donald M. Clausen of Clausen, Hirsch & Miller of Chicago, and Donald C. Little of Kansas City, Kan.

Another case having to do with alleged grain elevator explosions, the Hart-Bartlett-Sturtevant Grain Co. case, was argued in the Missouri supreme court last month. This is the case in which circuit court of Jackson county, Mo., entered judgment in favor of the companies comprising Grain Association notwithstanding the verdict, after a jury had returned an award against Grain Association of \$769,000. This decision has not yet been handed down.

Wash. Surplus Line Assn. Elects Telfer

Thomas Telfer of Farwest general agency was elected chairman of Surplus Line Assn. of Washington at the annual meeting at Seattle. William V. Hamner, Swett & Crawford, is secretary-treasurer. Elected to the executive committee were John E. Bentley, Jr., Cravens, Dargan & Co.; Roger L. Bohning, Rathbone, King & Seeley; H. T. Hansen, Hansen & Rowland, and George W. Farnsworth, Marsh & McLennan, retiring chairman.

It was reported that the volume of surplus line business for the fiscal year ending May 31 declined from \$3,555,841 in 1954-55 to \$3,341,085 for 1955-56.

GAB Sets Up Branch at Pendleton, Oregon

The Pendleton, Ore., office of General Adjustment Bureau has been upgraded to branch office status. Service in the city was established by GAB Dec. 1, 1955.

Rex R. Darnell is manager at Pendleton. The office has been moved to 144 S. E. First street. Ted Beard, who has been with GAB since 1953, has been transferred from Bend, Ore., to Pendleton to assist Mr. Darnell.

GAB has established weekly "milk runs" from its Wenatchee, Wash., branch to service Cashmere, Peshastin, Leavenworth, and Lake Wenatchee area on Mondays; Malott, Okanogan, Omak, Tonasket, Oroville, Riverside, Netelem, Republic, Twist and Winthrop area on Tuesdays and Wednesdays, and Entiat, Chelan, Manson, Pateros, Brewster, Mansfield, Bridgeport and Waterville area on Thursdays.

Ohio 1752s Hold Golf Outing

1752 Club of Ohio held its annual golf outing at Mansfield this month with 50 company and field men attending as guests of Druggists Mutual. David Evans, Lumbermens Mutual of Mansfield, won the golf championship. Among the guests was Howard Rohrer, agency vice-president of Guarantee Mutual, the only living charter member of the club. At the close of the meeting, David Caton, Guarantee Mutual, was installed as president, succeeding Thomas Purdy, Celina Mutual.

Ohio Federation Lays Plans to Meet Compulsory Auto

COLUMBUS—Insurance Federation of Ohio, through its president, Harry T. Minister, will make a study of compulsory automobile insurance, preparing itself for the possibility of such legislation at the next session of the general assembly. Mr. Minister will head a committee which will function as an agency of the federation.

There were 32 officials of Ohio companies attending the meeting, at which the compulsory automobile situation in New York and Massachusetts was discussed by R. Newell Lusby, secretary of America Fore, and C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents. Mr. Harrington said he disagrees with Superintendent Pryatel of Ohio, who recently told a Cincinnati audience that the New York law answers all the objections to the measure in Massachusetts.

R. B. Davis of Northern of London Is Retiring

R. B. Davis, assistant U. S. manager of Northern of London, is retiring July 31. A luncheon honoring him was given by his colleagues in the company and American Marine & General.

Mr. Davis entered insurance in 1904 with a local agency in Crisfield, Md. He joined a general agency in Baltimore in 1918 and in 1927 became agency supervisor of National Union. A year later he became a field man in Virginia and North Carolina for Northern. He transferred to New York as assistant secretary in 1944, became secretary in 1946 and was put in charge of the eastern and southern states. He became assistant U. S. manager in 1954.

He will retire to a farm near Lynchburg, Va.

Milwaukee Board Gives Endorsement to Road Aid

MILWAUKEE—At a special meeting of the full membership of the Milwaukee Board, "Road Aid" was discussed by Richard J. Kelly, Detroit, manager of the service. He outlined the history, mechanics and sales value of Road Aid to the agents, stating it would be an excellent sales tool for Wisconsin agents. This plan was endorsed for use in Milwaukee and Wisconsin by the membership.

Study No-Deviation Auto Rates for La.

The Louisiana commerce and insurance legislative committee is studying a series of bills which would make it mandatory for all automobile insurers to charge the same rate and would prohibit any insurer from deviating or changing rates after they had been set.

Organize at Argus, Mo.

A new association of local agents has been organized in Argus, Mo., with Iverson Michie as president; Sanford Bolen, vice-president, and William Robbins, secretary-treasurer.

Among the nine additional members of Health Insurance Assn. of America, which brings the membership to 252 companies, are Beacon Mutual Indemnity of Columbus and Manufacturers Casualty.

Lee Chamberlain, who has been with Wiseman & Co., Washington, D. C., adjusting firm, has entered the local agency business there.

Hartford Fire Names Coleman at Atlanta

Hartford Fire has advanced William T. Coleman from special agent in northern Alabama to southern department agency superintendent at Atlanta. He will be succeeded in the field by Dale A. A. Crites.

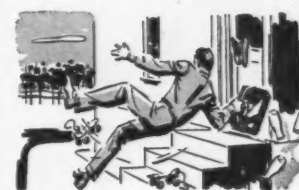
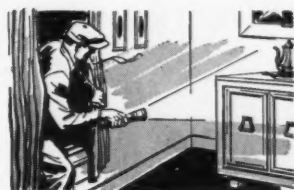
Mr. Coleman joined the company in 1938 and has been a field man in Alabama for nine years. Mr. Crites started with the company at Atlanta in 1948.

Aetna Fire Promotes Hibler in East Mass.

Aetna Fire has promoted Harold E. Hibler from casualty manager at Boston to manager of eastern Massachusetts in charge of all lines.

He started with the company in 1941 as casualty field manager in Minnesota. He transferred to Detroit as special agent and was made casualty manager there in 1945. He was appointed casualty manager at Boston in 1953.

2-WAY SAVINGS for Homeowners and Tenants



THERE ARE FEW protection needs of homeowners and tenants that can't be met through use of the residence package policies. The quick acceptance of the "all-in-one" policy has, in fact, opened up the whole field of the residence and personal lines to agents who do the systematic promotion and contact work that is required to inform and sell these groups.

With the Homeowners and Comprehensive Dwelling Policies, Grain Dealers' agents have the

package contracts that give these buyers the broader, economical protection they want. They can offer the added advantage of the two-way savings that our package policies provide: Savings through low initial cost, and savings through policyholder dividends. It adds up to a "package" that's hard to top!

Why not talk to our special agents now about ways that Grain Dealers' multiple-line facilities can be used to round out your agency services.

Grain Dealers Mutual

INSURANCE COMPANY

INDIANAPOLIS 7, INDIANA

Western Department: Omaha 2, Nebraska

FIRE • CASUALTY • AUTOMOBILE • INLAND MARINE



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More Contractors in Trouble in Midst of Construction Boom

Construction volume this year is well ahead of 1955, yet, paradoxically, there are a rising number of contractors in trouble. W. D. Dean, general manager of Bureau of Contract Information, told bureau directors at their meeting in New York City.

Apparently the competitive situation, which has been worsening for several years, has caused the filing of bids that were not only too low at the time, but suffered further impairment during construction because of steadily rising costs and delays incident to tight supply situations in several materials, he said.

The interstate highway program about to receive final Congressional approval will open up a large market for surety bonds, he went on. However, a fair share of problems and difficulties may be expected, particularly at the outset, because construction will be administered by the states but

labor rates will be set by the federal government.

Mr. Dean said that the long, uninterrupted period of unparalleled prosperity among contractors is at an end. Surety companies should establish close control over any surety sources that lean toward the production of more than an average share of dubious contract business. The time is definitely past when good luck can be counted on to bring about the run off of borderline risks without loss. There is plenty of good business to be had, but its quality no longer can be taken for granted, he said.

N.Y. Federation Plans Luncheon for Nov. 29

Insurance Federation of New York will hold its annual luncheon November 29 at Waldorf Astoria hotel. Clarence A. Borst of U.S. Casualty is chairman and Norman T. Robertson of Zurich is vice-chairman.

John C. Weghorn, local agent of New York, executive committee chairman, reported that the federation has had the largest percentage increase

in state-wide membership in many years. Arthur Blum, local agent of Rockaway Park, L. I., is chairman of the membership committee.

Bristol Retires on Coast, Hartford Names Patrick

William E. Bristol, superintendent of the automobile fire loss department on the Pacific coast for Hartford Fire, has retired at his own request. James A. Patrick has been appointed his successor.

Mr. Bristol has been with Hartford Fire for 30 years, serving as special agent, adjuster, and for the past 10 years in the position from which he is retiring.

Mr. Patrick has been with Hartford in the automobile loss department for 10 years.

New La. Mutual Unit Formed

Shreveport (La.) Assn. of Mutual Insurance Agents has been organized with William T. Stephenson president, John Clancy vice-president, Dykes Leabo secretary and Ray Musselwhite, Leo Sebastian, Charles Stiller and William Parker directors.

Says Engineer Must Sell Management on Disaster Prevention

Selling management on the necessity of planning for emergencies before they happen is part of the safety engineer's job, Stuart Grant, safety expert of Walter Kidde & Co. of Belleville, N. J., declared in a speech before Central Pennsylvania Safety Assn.

"If you don't sell management, if you don't make efforts to build an organization to cope with any emergency, then you may be the catastrophe in your plant," he said.

The safety engineer must be a planner and an administrator and he must have enough people available to handle any emergency. He needs enough money to train his staff and, in some cases, buy special equipment and management must be sold the idea of underwriting the program.

Selling management on the program revolves about the investment of money to maintain or increase production. Management should be approached with the same careful analysis of costs and results as the production superintendent would if he wanted to buy a new piece of machinery. It is not difficult to estimate the company's loss in the event of a catastrophe, he pointed out. A look into company records might show a severe loss from a catastrophe or its prevention by effective action at the time it occurred. Training costs also are simple to estimate.

A company buys insurance not because it wants a loss to occur, he observed, but to protect itself against financial loss if a disaster does occur. Trained personnel is a form of insurance. Insurance can only replace a loss with dollars, while adequate training can prevent large losses by prompt action of well-schooled and well disciplined personnel.

Part of the training, Mr. Grant continued, should be to teach personnel not only to recognize potential hazards but to correct them when they can. Well-organized plans should be formulated which individuals can put into operation so that corrective action can promptly be effected through persons with adequate authority.

Peerless Names Douglas Tex. Claims Manager

George C. Douglas, assistant claims manager of Peerless, has been appointed division claims manager for Texas with headquarters at Dallas.

Mr. Douglas joined Peerless in 1945 as a staff adjuster in the home office. He was later appointed claims examiner and in 1952 became assistant claims manager.

Chicago, Milwaukee Surety Groups Set Joint Outing

The annual joint golf party of the Chicago and Milwaukee surety underwriters associations will be held June 29 at Ozaukee country club, Milwaukee.

Nationwide Mutual Plans Office

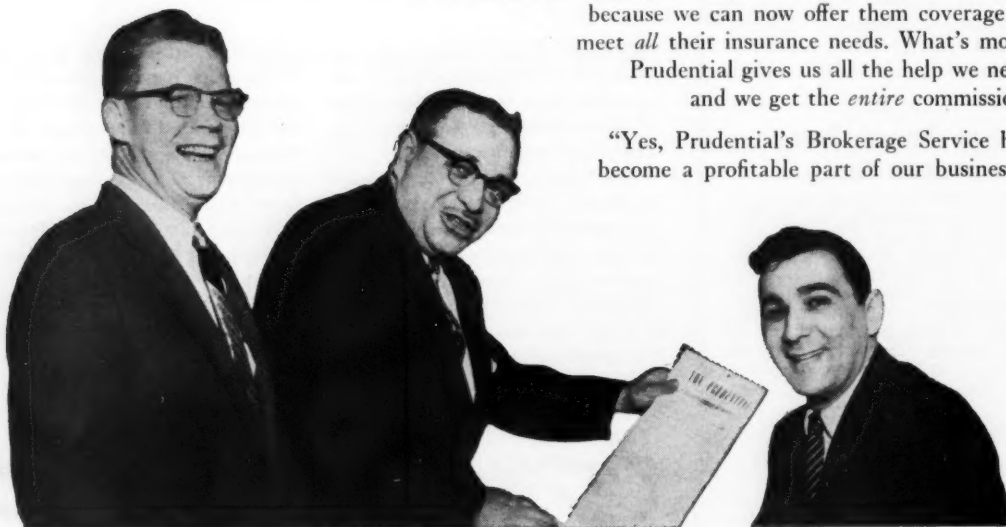
Nationwide Mutual will construct a building in Hamden, Conn., to house its New England regional office. Construction will begin "as soon as materials are available" on a two-story structure at 261 Skiff street in the New Haven suburban community. The regional office serves Connecticut, Rhode Island and Vermont and is presently located at New Haven.

"I'm finding business where I never looked before"

says New York broker Murray Chefetz of Martin, Chefetz, Heller & Co., holding a new policy for client Herbert Axelrod (right), author, publisher and one of the world's foremost authorities on tropical fish. At left is Pat Hall of Prudential's Stuyvesant Agency.

"Our association with Prudential has greatly increased our sales by opening new doors for us. It has enabled us to build a clientele of people engaged in every type of business, because we can now offer them coverage to meet all their insurance needs. What's more, Prudential gives us all the help we need and we get the entire commission.

"Yes, Prudential's Brokerage Service has become a profitable part of our business."



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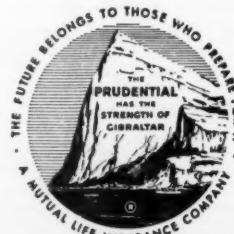
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THE PRUDENTIAL
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Travelers Makes Eleven Promotions

Travelers has made 11 promotions in the home office.

Three new assistant superintendents are Victor A. Winterhalder, tabulating, William J. Supple, data processing and J. Raymond McHugh, tabulating. Audrow Nash has been named instructor of training and sales promotion of casualty, fidelity, surety, fire and marine.

Promoted in the accident department were George N. Briggaman and John F. Reid to underwriters and Victor I. Senger to assistant underwriter. Four new assistant underwriters in the group department are Miss Virginia E. Baker, Mrs. Mabel T. Johnson, Mrs. Mary W. Lusa and Miss Joan C. Stetson.

Mr. Winterhalder has been with the company since 1920, Mr. Supple since 1928, Mr. McHugh since 1930, Mr. Nash since 1951, Mr. Briggaman since 1919 and Mr. Reid since 1927.

Mr. Senger joined the company in 1953, Miss Baker in 1950, Mrs. Johnson in 1952, Mrs. Lusa in 1953 and Miss Stetson in 1951.

Franks to Florida for Merchants Fire of N. Y.

E. Lee Franks has been named field representative for Merchants Fire of New York with headquarters at Lakeland, Fla.

He will be associated with Executive Special Agent A. O. Ohlhaber of Atlanta.

Mr. Franks was formerly a special agent for Aetna Fire and for North America.

McCurl Talks to Pacific CPCU

Robert E. McCurl, general counsel of Founders, addressed the June meeting of Pacific chapter of CPCU at Los Angeles. He discussed the problem of negligence and its definition in defense work and outlined the doctrine of ultra hazardous activities as it affects court decisions and casualty underwriting.

Swiss Hail Expert on American Visit

Dr. Emil Fah of Switzerland has arrived in this country for a six weeks' visit. During July, he will be the guest of Charles A. Dawson, head of the Dawson agency at Fargo, N. D., which is one of the large writers of crop-hail insurance. The Dawson agency this year, for the first time in 39 years, passed the \$1 million mark in hail premiums.

Dr. Fah is vice-president of International Assn. of Hail Insurers, which comprises 103 companies in 15 countries. In 1933 he joined Swiss Hail at Zurich as assistant bookkeeper, became secretary in 1935, assistant manager in 1938 and manager in 1945. Dr. Fah will devote most of his attention while visiting Mr. Dawson to underwriting methods and hail adjusting operations. His American itinerary includes, in addition to South Dakota Minneapolis, St. Paul, Chicago and Washington.

Baloise Prepares for U. S. Domestication

Balmar Ins. Co. has been incorporated in New York with an authorized capital of \$500,000. The new company will be used by Baloise of Basle, Switzerland, when and if it decides to domesticate in the U. S. The company has not yet been organized.

Chant Retires, Long Succeeds Him in N. J.

Wilfred H. Chant, regional manager of Century and Pacific Coast Fire in New Jersey, is retiring. He will be succeeded by Kenneth G. Long, who has been working with Mr. Chant in New Jersey for many years.

Kimball, Gilman & Co., Boston managers of North British group, have named Donald M. Kuhn assistant manager and John F. Milligan special agent.

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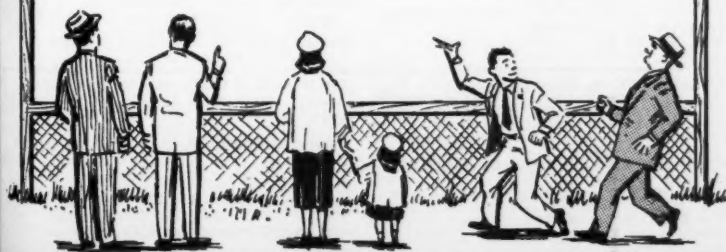
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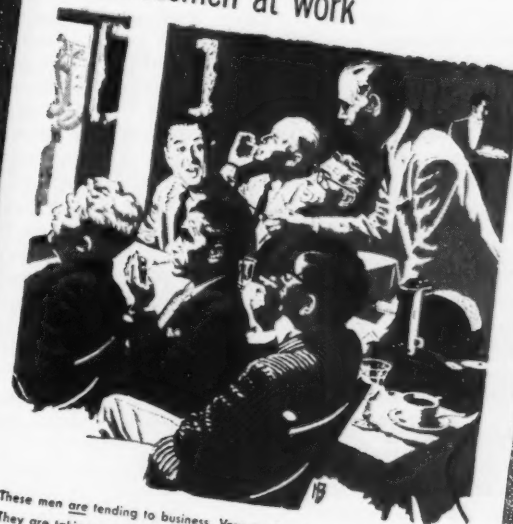
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You get a group together—or even a single prospect. Your Home fieldman will help you to turn talk into premiums!

This advertisement appears in color in:

Business Week—July 7 • Newsweek—July 16 • Time—July 16 • U. S. News & World Report—July 27 • Nation's Business—August • Town Journal—August • American Home—August • Better Homes & Gardens—August

EDITORIAL COMMENT

'The Policy That Pays You More!'

The Federal Trade Commission has said you can't advertise that an A&S policy pays "up to" or "as high as" some stated amount unless you pay up to that amount for anything in the policy—even a wart-removal job—or else include the complete schedule in the advertisement.

Representatives of A&S insurers and FTC conferred informally last week on the interpretation of this rule, 2 (b), and others. Although no definite decisions were made, FTC officials indicated a literal interpretation will be applied to rule 2 (b), which was rewritten to be consistent with the commission's ruling in the American Hospital & Life case, now in the process of appeal. The insurers, nevertheless, were encouraged by FTC's willingness to listen to them and discuss the situation.

This requirement of a complete schedule of payments is needless and ridiculous. Its aim is praiseworthy enough—to prevent people from thinking that a policy that pays "up to \$500" will pay that much if a fancy-priced surgeon should decide to charge that figure for a trifling minor operation. But it should be sufficient protection to the public to specify in an advertisement that payments are limited by the schedule of fees for various operations, as set forth in the policy. That was the way the rule read in the original FTC draft. It was compatible with the NAIC rules.

Maybe the answer is to get clear away from trying to be factual and informative and follow the fanciful line of advertising copy that the FTC seems to consider non-misleading in the advertising of other products. Like "Luckies taste BETTER!" Apparently nobody ever asks, "Better than what?" So an A&S advertisement that screams, "The BETTER policy!" or "The policy that pays you MORE!" should prove not only marvelously effective but entirely free from any trouble with the FTC.

If any eccentric were so nosey as to ask, "pays more than what?" you just answer, "more than if you didn't have any insurance." Apparently one gets into trouble with the FTC by trying to be factual and forthright in advertising. The FTC then jumps to the conclusion that the reading public has no brains whatever and must have every last detail spelled out in the advertising, even though the advertising specifically states that the policy is the contract that governs the coverage.

On the other hand, if you make

vague and all-embracing claims the public is supposed to be sophisticated enough to know that they are just a copywriter's brainstorm and not to be taken seriously. Yet the sales figures of products that are sold by that kind of advertising indicate that large masses of the public are motivated by it even though they may not be entirely taken in by the claims.

Apparently the FTC considers legitimate and fair the kind of advertising that gets people to act without necessarily believing what they read. So all the A&S companies need to do to win the FTC's blessing is to make their advertising sufficiently grandiose and meaningless so that nobody with a grain of sense could believe it literally. That some not-too-bright readers might get a specific and incorrect impression from such advertising obviously wouldn't bother the FTC any, judging from its indulgent attitude toward other advertisers who employ this technique.

For if the FTC really meant to apply the "full disclosure" principle generally, there'd be some radical differences in advertising subject to FTC jurisdiction. Cigarette manufacturers, for example, would have to reveal the chemical composition of their tobacco, with special mention of the percentage of known cancer-producing factors. Automobile manufacturers boasting of their "stock" cars' speed and performance records would have to disclose how much it would cost you for the equipment, engine-balancing, and tuning needed to enable the car you buy to come anywhere close to equalling the advertised records of its alleged litter-mate.

The prospect of having to be impossibly and minutely factual or else resort to advertising that motivates without being taken seriously is an abhorrent choice. True, there is a slight ray of hope in the answer given at the FTC office to a query from THE NATIONAL UNDERWRITER. It was said that it would be all right to advertise something like, "pays up to \$150 for gall-bladder operations, up to \$125 for appendectomies, up to \$50 for tonsillectomies, and for other operations according to the schedule in the policy."

But even if that should seem like a satisfactory solution to the "up to" problem, the opinion expressed by the FTC source can't be regarded as binding on the commission, for it was only one official's answer to a question that had not been submitted to or consid-

ered by the FTC staff and commissioners.

All in all, the impossible requirement of putting the entire benefit schedule into any advertisement that says "up to" or "as high as" serves to reinforce dramatically the contention that the state commissioners are entirely capable of handling the job of regulating the insurance business, including A&S, and that superimposition of federal power only causes vastly more trouble and confusion than are justified by any alleged advantages.

It has finally become unquestionably clear that only the courts can stay the FTC's widening assertion of power over the insurance business. Perhaps the insurance business was misled by indications that the FTC wasn't interested in taking over supervision of the insurance business. These indications may have been entirely correct, yet completely consistent with the FTC's present course.

The FTC, like any other federal agency or a state insurance department, has the job of administering the

laws that created it. The top men have a certain amount of latitude in what course they decide on. But they must have constantly on their minds the personal and political consequences not only what they do but what they refrain from doing.

It's a lot easier for FTC commissioners to endure the protests of an outraged insurance industry than to be pilloried by crusading newspapers for doing less than their utmost to stamp out abuses that federal law could seemingly be stretched to cover. Actually, the FTC is in the position of having to assert powers that it may have honest doubts that it possesses—for the alternative is the nightmarish possibility of being crucified for falling down on the job.

The likelihood that the FTC is stretching its powers to their most far-fetched theoretical limit is additional ground for hope that final court decision will be one that will spare A&S insurers from never being tempted to advertise "The Policy That Pays MORE!"

PERSONAL SIDE OF THE BUSINESS

Bernard Boutin of Laconia, N. H., vice-president of New Hampshire Assn. of Insurance Agents and in line for the presidency, has been appointed national executive committeeman of the Democratic party. He has withdrawn as a candidate for the presidency of the association.

Robert P. Gaston, cashier of Fidelity & Deposit for 27 years, retired July 1 after 42 years with the company. He joined F. & D. in the treasury department as a statistical clerk and subsequently became general bookkeeper and assistant cashier.

Owen L. Morris, local agent at Helena, Mont., has been installed as acting postmaster of the city.

C. L. Morris, president of Illinois National, has been elected a trustee of Kiwanis International.

Norman B. Hartnett, Framingham, Mass., local agent, has been appointed to the Framingham industrial development commission for a five year term.

D. K. MacDonald, head of D. K. Macdonald & Co. of Seattle, has been named state finance chairman for Gov. Arthur B. Langlie's bid for election to the U.S. Senate.

E. R. Raabe, assistant secretary of Central Mutual of Van Wert, O., recorded a talk on inland marine coverages of special interest to women while at the meeting of Missouri Assn. of Mutual Insurance Agents in St. Louis. The talk was broadcast July 14 by

station WEW, St. Louis, in connection with a popular women's program and was announced as coming through the courtesy of the agents association. It stressed such lines as jewelry, furs and wedding presents floaters.

Walter R. Mengelberg, who recently marked his 35th year with Lumbermens Mutual Casualty, and who for many years was in charge of nationwide casualty underwriting for the Kemper companies, became the father of a baby daughter, Susan, June 26. Mr. Mengelberg moved to the west coast recently following a heart attack and now conducts his activities from Santa Barbara.

James M. Barker, chairman of Allstate, has been named chairman of the trustees of the savings and profit sharing pension fund of Sears, Roebuck & Co. employees, succeeding Gen. Robert E. Wood, who retired in April. The fund has assets in excess of \$860 million.

Commissioner Cad P. Thurman of Kentucky, who was in Kentucky Baptist hospital, Louisville, for two weeks for observation, has returned to his office and is putting in a full day's schedule regularly.

Joseph F. Murtaugh, assistant casualty and surety superintendent of agencies of Travelers, has retired after 26 years with the company. Before going with Travelers as a special agent he was with Hartford Fire.

Donald H. Putnam Jr., local agent at Ashland, Ky., who has been install-

THE NATIONAL UNDERWRITER

EDITORIAL OFFICE:

99 John St., New York 38, N. Y.

Executive Editor: Kenneth O. Force.

Assistant Editors: John H. Lawrence, Jr. and Eloise West.

ATLANTA 3, GA.—432 Hurt Bldg., Tel. Murray 8-1634. Fred Baker, Southeastern Manager.

BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 8-704. O. E. Schwartz, Chicago Mgr. R. J. Wisghaus, Resident Manager.

CHICAGO EDITORIAL OFFICE:

175 W. Jackson Blvd., Chicago 4, Ill.

Managing Editor: John C. Burridge.

Associate Editor: Charles C. Clarke.

Assistant Editors: Charles L. Manning and Richard J. Donahue.

Copy Editor: William L. Finnerty.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgenuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—502 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards, Manager for Indiana and Michigan.

ADVERTISING OFFICE:

175 W. Jackson Blvd., Chicago 4, Ill.

Telephone Wabash 2-2704.

Advertising Manager: Raymond J. O'Brien.

SUBSCRIPTION OFFICE:

420 E. Fourth St., Cincinnati 2, Ohio.

Telephone Parkway 1-2140.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 2-9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—1083 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Mitchell 2-1306. John F. McCormick, Resident Manager.

OFFICERS:

Howard J. Burridge, President.

Louis H. Martin, Vice-President.

Joseph H. Head, Secretary.

John Z. Herschede, Treasurer.

420 E. Fourth St., Cincinnati 2, Ohio.

Telephone Parkway 1-2140.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Fred L. White, Resident Manager.

PHILADELPHIA 9, PA.—1027 S. Broad St., Room 1127, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.



ed as president of Ashland Rotary Club, follows in the steps of his father and grandfather, who also served as president of the club. His grandfather, the late Louis R. Putnam, was a charter member.

Joseph Prola of Springfield, president of Illinois Assn. of Insurance Agents, has been elected president of National American Business Clubs. He has been in the organization for 10 years and is a past president of the Springfield club.

DEATHS

ALBERT VOGT, 60, senior deputy U. S. manager of Zurich, was killed in the crash last week of a United Airlines plane with a TWA plane over the Grand Canyon in Arizona. He was accompanied by his grand-daughter, Carole Church, 6, of San Diego, another victim of the crash.



Albert Vogt

Mr. Vogt had been with Zurich since 1926, starting with the claim and legal departments. In 1931 he went in the underwriting field, and in 1938 was made assistant U. S. manager. He became a deputy manager in 1950 and senior deputy manager in 1953 when he also was made executive vice-president of American Guarantee and Zurich Life.

Mr. Vogt, who was returning to Chicago from a business trip to Los Angeles, was highly respected by the Zurich agents and by his associates for his judgment and insight into underwriting problems.

JOSEPH L. MARITZEN, 63, former well known insurance man in Los Angeles, died at his home there. He formerly for a number of years was an attache of the California department and also had been with Union Automobile & Casualty and Union Indemnity. After leaving the department he founded and operated the old Angelus Indemnity.

MRS. LAURA P. HERD, 74, mother of J. Victor Herd, president of America Fore, died at her home in St. Louis after a brief illness.

WALTER DEVEREUX, 101, local agent at Buffalo since 1883 and later with Armstrong-Roth-Cady agency, died there.

WALTER J. TIMMONS, 63, executive vice-president of John M. Timmons brokerage firm of Chicago, died at South Shore hospital. He had been with the firm for 35 years, associated with his brother, John, who is president.

GROVER W. BISCHOFF, 72, vice-president of Starkweather & Shepley agency of Chicago and with the organization since 1911, died after an illness of two months. Mr. Bischoff started in insurance with the O. C. Kemp agency of Chicago and then for several years was with the old western department of L. & L. & G.

EARL T. DEMOE, 58, president of Benefit Association of Railway Employees, died at Chicago after an illness of several months. His late father was a founder of the company and served as vice-president and general counsel. Earl DeMoe had been with B. A. R. E. since 1928 and was elected president in 1954.

EVERETT A. WHEELER, 68, Bellingham, Wash., local agent, died in a Seattle hospital. He was associated with his son, Morgan Wheeler, who will continue the business.

WILLIAM H. QUIRK, 73, head of the Quirk & Co. general agency of San Antonio, died of a heart attack at Hot Springs, Ark. Mr. Quirk entered insurance with Continental. For a time he was with Roulet Rating Bureau which was absorbed by the Texas department. Then he was appointed state agent for Northwestern National Fire and later took this company into the Hornberger, Schmitt & Co. general agency, where he became executive special agent. In 1930, he and the late Fred McAllister opened the Quirk & McAllister general agency, with Southern Fire of New York as their first company.

In 1934, his sons, W. H. Quirk Jr. and Frank J. Quirk, became members of the agency. In 1941, Mr. Quirk bought the interest of Fred McAllister and changed the name to Quirk & Co.

Mr. Quirk was a past vice-president of Texas Assn. of Managing General Agents and was a life member of the Alamo Pond of the Blue Goose.

JOHN R. MACLEOD, 81, founder of Nova Scotia Fire and a former director of Halifax Ins. Co., died at his home in Halifax. He founded the fire company in 1902 and it later was merged with other insurers.

W. A. RATTELMAN, 62, chairman of National Union, died at Pittsburgh. He was a native of Pittsburgh and obtained his early insurance experience working for local fire companies during summer vacations. After service in the first world war he went into another industry, but returned to fire insurance in Pittsburgh and joined National Union in 1931 as manager at New York. He went to the home office as vice-president in 1943, and in 1951 was elected president. He became chairman this year.



W. A. Ratteman

JOHN F. ZAPPEY, 72, local agent at Greenfield, Mass. since 1938, died there after a long illness.

Appleton, Wis., Agency Marks 50th Birthday

The Steinberg agency of Appleton, Wis., marked his 50th anniversary in business with a golf outing and dinner at Butte des Morts golf club. There were 35 company representatives and local agents and business men on hand, including Commissioner Rogan of Wisconsin and Paul Mast, executive secretary of Wisconsin Assn. of Insurance Agents.

Doody Promoted on Coast

W. C. Doody has been appointed controller of the Pacific coast department of National of Hartford group. He has been with the companies since 1945 and was made chief accountant in 1948.

No. Cal. Buyers Hear Panel on Bonding

A capacity audience heard five experts on suretyship discuss "Why Should New Construction Work Be Bonded" at the June meeting of the northern California chapter of American Society of Insurance Management in San Francisco. Panel members were led by R. W. Humphrey, Southern Pacific Co. Other panel members were Carl H. Kuhn, vice-president Fidelity & Deposit; Roy Tomlins, office manager F. & D.; J. A. Black, Tidewater Associated Oil, and Thomas Davis, attorney and consultant to bonding companies.

Mr. Humphrey outlined Southern Pacific's methods of handling new construction bonding problems, and Mr. Kuhn cited statistics on bonding losses during the past year. Mr. Tomlins presented a brief history of suretyship, Mr. Black spoke on Tidewater Oil's policies on bonding, and Mr. Davis covered some of the legal aspects in connection with bonding problems. A lively question-and-answer period followed the panel's presentation.

An added feature was a brief summary by D. J. Young, insurance man-

ager for Kaiser Engineers, of the atomic risk forum recently held in Indianapolis.

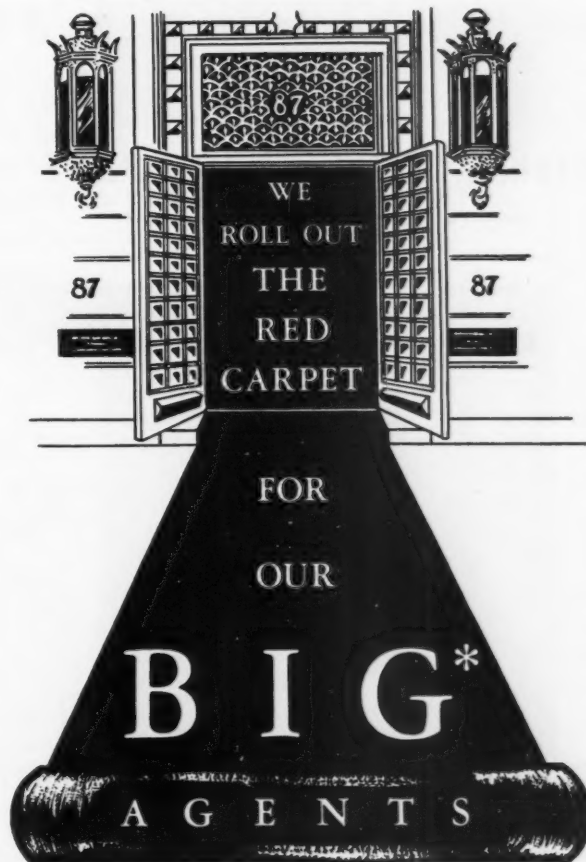
Pearce Heads Combined Chicago Operations of Boston and Old Colony

John S. Pearce has been appointed manager of the Chicago office of Boston and Old Colony, supervising fire, auto physical damage, inland marine and ocean marine operations in Cook, Lake, DuPage and Will counties. The marine section of the combined operation will continue under the supervision of marine manager H. A. Grant Jr.

Mr. Pearce has been Cook county manager for Boston and Old Colony, but the marine operations have been handled separately. He has been with the group since 1951, starting as state agent in Kentucky. He was appointed assistant fire manager in Cook county early in 1954 and manager later the same year. Before going with Boston he had local agency and field experience.

The Kuschel agency of St. Joseph, Mich., is now operating from its new offices at 2900 Niles avenue.

The Hamlin agency of Kennett, Mo. has been sold to Tolbert Brewer and Glenn Hayes.



*BOSTON INSURANCE GROUP



BOSTON INSURANCE COMPANY

OLD COLONY INSURANCE COMPANY

87 KILBY STREET



BOSTON, MASS.

Survey Shows Public Preference for Agency System but a Slow Drift to Direct Writers

A survey to determine the attitudes of Ontario's urban residents toward local agents and their feelings about agency services produced the response from 87.4% that they would renew their policies with their present agents, and 77% indicated they would do so because the agent gave them exceptionally good service.

Clare McVicar of Brantford, president of Ontario Insurance Agents Assn., points out that two studies were made of the agency system of insurance distribution. The poll of buyer opinion was conducted by Gruneau Research Ltd., and sponsored by the association. The second study, conducted by the association, was an internal survey of agencies in the province aimed at eliciting problems, trends and developments which affect the agency system's performance and evaluating the activities of the association.

Answers to the public opinion poll

showed that 87.9% stated one or more main advantages of buying insurance from an agent: Because an agent can explain the policy, 35.5%; personal contact, 23.6%; more personal attention and interest from an agent, 13.8%; agent acts as a go-between in case of claims, 11.4%; agent is interested in insured's welfare, 10%; and because they got better service, 10%.

Only 40% were able to state one or more main advantages of buying insurance over the counter—64.9% because insurance would be cheaper, 17.3% easier to get, others indicated agents wouldn't pester insured or it would be easier to get in touch with a company than an agent. Disadvantages of the agency system compared were listed by 19% of respondents, disadvantages of the over-the-counter system by 55%. Main disadvantages of the agency system mentioned were: Insurance costs more, 40.5%; agent is a nuisance, 30.4%, and agent may try

to oversell 24.1%.

Main disadvantages of over-the-counter system mentioned were: Insurance wouldn't be fully explained, 30.3%; lack of personal contact, 24.7%; lack of personal service, 13.9%; slow adjustment of claims and insured's responsibility in case of a claim, 9.5%, and don't like dealing with strangers, 6.1%.

Of the total interviewed, 70% had automobile insurance. However, since 302 respondents owned cars, 97.4% of car owners have automobile insurance. Among automobile insurance owners, 13.6% bought from direct writers. Of those interviewed 91.1% had fire insurance, 72.6% a householder's policy, 26.2% personal property floater, 22.9% burglary, and 22.8% other types of policies.

About half respondents with insurance could identify the insurer. This varied from a low of 36.5% for burglary insurance to a high of 71.2% for hospitalization. The figure was 57.5% for automobile. In contrast, 72.4% owning automobile insurance knew the name of the agent who sold it and

virtually all of them, 98.1%, actually stated it.

Nearly half, 48.1%, had made a claim on their insurance and most of the claims, 72.3%, were on fire or car insurance. The agent had helped to settle the claim in 70.8% of the cases and most of the respondents seemed to be satisfied with the way the claim was handled. Of the 139 who recalled what their agent did, 23.7% said he looked after everything, 23% said he contacted the adjuster, 15.1% said he advised what to do and 11.5% said he filed the claim.

Asked how auto insurance was bought, of the 293 responding 50.9% said they called an agent, 21.5% said the agent contacted them, 10.2% arranged it through a car dealer, 9.6% called an insurer and 3.1% arranged directly with an auto finance company. Of the 293, 27.2% said the agent was a social acquaintance, 34.4% said the agent was a business acquaintance, 33% said the agent was recommended by a friend and 5.4% could not recall.

Of 294 automobile policy buyers asked if they were good prospects for other types of insurance, 40.8% said they buy other types of insurance from the same agent. Of this number 64.9% bought fire insurance, 41.5% bought householder's policy, 6.4% bought PPF, 8.5% bought burglary, 3.2% bought hospitalization and 14.9% bought other kinds of coverage.

The association study brought out that 24% of agencies have less than \$20,000 of premiums, 32.4% less than \$30,000 and 54.3% less than \$60,000. Most agencies are one-man businesses—64.1% have no partners, 70.9% have no salesmen other than the proprietor. Five hundred of the reporting agencies employed a total of 329 partners, 271 salesmen other than partners and 771 clerical and secretarial workers. As to age, 56.5% of proprietors are between 30 and 50 and 41.7% are between 50 and 69.

Of the agencies, 23.8% hired young men in 1954 and 1955 with the idea of training them to become salesmen, and 41.2% of the agencies expect their son to take over the agency while 23.5% will sell their businesses.

The percentage of agencies writing more than \$100,000 of premium increased from 14% in 1950 to 27.8% in 1955. Agencies are increasing their clientele. There were 803.2 clients per agency in 1950 and 1,135.9 in 1955. Nine out of 10 agencies extend credit to clients.

The switch to direct writers is small but steady. The last 12 months the loss was 13 clients per agent and for the last two years 19.2 per agent.

The average agent works 45.8 hours a week, divided 19.2 for selling, 18.9 for business administration, 3.1 for settling claims and 4.6 for studying. During 1955, 505 agencies handled 6,177 claims.

Each agent on the average spends \$216 for newspaper advertising, \$38 for radio and \$96 for direct mail. The total for these three categories for all agents replying was \$94,484, \$13,598 and \$39,393.

From their association, agents would like more help on direct mail advertising (35.3%), on newspaper and radio advertising (52.8%), punchcard control of policy servicing, renewals (17.3%), insurance installment buying (30.8%) and activity on behalf of forms standardization (74.9%).

SEIBELS, BRUCE & COMPANY

COMPANY MANAGERS—INSURANCE AND REINSURANCE

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SOUTH CAROLINA INSURANCE COMPANY

CONSOLIDATED AMERICAN INSURANCE COMPANY

COPENHAGEN REINSURANCE COMPANY, LTD.

FLA. SUPREME COURT

Affirms No Added Fire Cover Clause in Standard Policy

Florida supreme court has ruled that purchases of additional fire insurance by insured, expressly prohibited in the original standard fire policy, invalidates the policy and precludes insured from recovery of loss, 8 CCH (Fire & Casualty) 921. The high court upheld a ruling by St. John's county circuit court in the case of Hunter vs U.S.F.&G.

Insured sought to recover \$2,000, face value of a policy with the company, for loss due to fire of household goods. Proof of loss was furnished, and, under Florida laws, the \$2,000 valuation could not be disputed. However, after obtaining the policy with U.S.F.&G. but before the fire, insured obtained another policy with National of Hartford for \$2,000 on the same property without notice to U.S.F.&G. or its agent. Both policies prohibited additional insurance purchases.

The high court, citing several historical judgments on the question, said the provision in the policy prohibiting additional insurance is valid as concerns contractual law, is in the public interest and is reasonable because concurrent policies on the same property tend toward carelessness and fraud. In this instance, the court added, the contract was clear and unambiguous and insured agreed he would take out no additional insurance. It was on this condition that the insurer assumed the responsibility of the cover.

Martin Sock represented Hunter; Marks, Gray Yates & Co. represented U.S.F.&G.

N. Y. Agents Plan 75th Anniversary Meeting

The 75th anniversary of New York State Assn. of Insurance Agents will be celebrated at the next convention, in May, 1957, and the meeting was discussed at a meeting in Syracuse of the executive committee. Plans also were outlined for a series of regional meetings this fall by Craig Thorn Jr. of Hudson, executive vice-president, and regional vice-presidents—Harry Lown of Batavia, Robert Grab of Rochester, Carl Seymour of Oswego, Leo Mahoney of Little Falls, Mrs. Alma P. Sherman of Schenectady, Alex Grossman of Catskill and William Klein of Bronxville. George Kramer of Williston Park, president of Suburban New York Assn. of Insurance Agents, met with the group.

The association study committee continued its survey of the operations of the association. Many of its recommendations have been implemented. The committee is composed of Joseph A. Neumann of Jamaica, chairman, Arthur F. Blum of Rockaway Park, Herbert S. Brewer of Lockport, Mr. Grab and Irving Schwartz of Syracuse.

Fire, Auto Conference Elect Hall, MacNelly

Independent Fire Insurance Conference elected Douglas B. Hall of General Accident president, and Independent Automobile & Casualty Insurance Conference named J. E. MacNelly of Halifax president, at the annual meetings in Montreal.

Other officers of the fire conference are R. L. Grout of Canadian Home and L. L. Rooke of Dominion of Canada General, vice-presidents, and H. Cavey of Federation, P. Courtois of Provident, H. G. Livingstone of Commerce General, C. A. Vallee of

J. A. Blondeau, Ltd., W. W. Foot of Economical Mutual, S. K. Ireland of Perth Mutual, Mr. MacNelly and J. M. Vanstone of Wawanesa Mutual, executive committee members.

Other officers of the automobile and casualty conference are J. P. Gautier of Dominion of Canada General and C. A. Baines of Zurich, vice-presidents, and mMr. Cavey, J. Clement of Provident, L. Gosselin of Zurich, W. A. Major of United Provinces, H. L. Beck of General Accident, L. J. Flora of Lumbermens Mutual Casualty, E. M. Hill of Dominion of Canada General, J. B. Humphrey of American Automobile, W. F. Spry of Canadian General, R. F. Watson of Wawanesa Mutual and H. E. Wittick of Pilot, executive committee members.

Atlantic Mutual Moves Units

Metropolitan underwriting departments of Atlantic Mutual have temporarily moved their operations from 49 Wall to 156 William street as the first step in preparing for the new 27-story Atlantic building in New York. The other departments will remain at 49 Wall until Aug. 1 when they will move to 770 Broadway. Demolition of the present Atlantic building is expected to begin before the end of the year.

MINN. SUPREME COURT

Allows Recovery on Garage, Uninsured by Agent's Error

Minnesota supreme court in the case of Freyberg vs London & Scottish upheld a decision that allowed insured to recover for windstorm damages to his garage despite an agent's mistake which excluded the building from a list of coverages.

Affirming a county district court, the supreme court held an insurance policy is to be liberally construed. The original owner of the property, which insured bought, ordered insurance on the garage. He was billed for the policy but never received it. Insured asked the original owner's agent to prepare a list of coverage on the property. The agent's letter disclosed that the garage was covered for \$1,500. In preparing the letter to insure the agent relied on the copy of the policy forwarded by the insurer's agent which, by a typing error, confused the garage with a henhouse.

The supreme court ruled that, while the copy was ambiguous and confusing, had insured seen it himself he would have been justified in interpreting it to mean that his garage was covered. The original policy was never presented to the court but insured did everything that could be reasonably be expected of him to determine that the garage was covered, the court added.

Beardsley Named in Cal.

Robert C. Beardsley has been appointed special agent in California for Central Mutual of Van Wert, O. He will have headquarters in Los Angeles. Mr. Beardsley has been in the business for nine years as agent, special agent and adjuster in the middle west and California.

Complete Mutual Clinics in Ohio

Mutual Agents Assn. of Ohio and 1752 Club of Ohio concluded a series of clinics throughout the state. More than 300 agents attended and heard talks by J. C. O'Connor, executive editor of the *Fire, Casualty & Surety Bulletin*; Ray Miller, president of the agents' association, and R. A. Shenefield, secretary of National Assn. of Mutual Insurance Agents.

PEPPY FREDDY, the fieldman, says:

A STAFF OF 32 FIELDMEN AND 15 UNDERWRITERS WORKING OUT OF 4 COMPLETE OFFICES ASSURES PROMPT BOND SERVICE TO THE

HEART OF THE NATION



WESTERN SURETY COMPANY

One of America's Oldest Bonding Companies

39 South LaSalle Building
Chicago 3, Illinois

1714 Cedar Springs at Akard
Dallas 2, Texas

Sioux Falls
South Dakota

102 East 9th Street
Kansas City, 6, Mo.

ACCIDENT & SICKNESS

Federal L.&C. Writes Government A&S Cover on Dutch Emigrants

Federal Life & Casualty has been awarded by the Netherlands government the coverage on its emigrants to America under a plan which will provide free accidental death and disability insurance for all Dutch nationals entering the United States under the refugee relief act. The contract calls for accidental death, weekly A&S disability, dismemberment and hospital-surgical coverages for every family embarking for the United States from the Netherlands or one of its possessions. More than 7,000 families are expected to receive the coverages, which will be provided free by the Netherlands government, protecting them en route and after arrival in the U. S.

Federal was given the business after competitive bids were submitted to the Netherlands government. Holland-American agency of Battle Creek will service the coverage and claims.

Combined Stockholders to Vote 40% Stock Dividend

Directors of Combined of Chicago have voted to ask shareholders at a special meeting July 16 to authorize an increase in the company's stock to 700,000 from the present 500,000 authorized shares. The increase would involve the transfer of \$200,000 from surplus.

The increase would make possible a 40% stock dividend which would give two additional shares for each five shares held.

Mutual Benefit, United Benefit Name Four

Mutual Benefit H.&A. and United Benefit Life have appointed Vincent Anderson general agent at Denver, J. J. Tracy to the home office sales division, and V. N. Jacobsen and Jack Taylor in charge of Montana.

Mr. Anderson has been with the company since 1937, and since 1951 has been general agent for Montana.

Mr. Tracy has been serving as temporary Colorado manager for a year.

Mr. Jacobsen has been with the companies for 10 years, most recently as assistant manager for Colorado, and Mr. Taylor, who started with the companies in 1946, most recently has been manager of the monthly merchandising division at the home office. The Montana field will be divided with Mr. Jacobsen at Billings handling the eastern part of the state and Mr. Taylor in charge of the western part of the state at Great Falls.

A&S Unit Elects in N. H.

New Hampshire Assn. of A&S Underwriters has elected Charles I. Newton of Washington National president, Armand Roy of United Life & Accident vice-president and Henry Walker of Mutual Benefit H.&A. secretary, all of Manchester. Next meeting will be held July 16 at Bear Brook state park.

Combined Promotes Pierce

Combined has appointed W. Welsh Pierce as southern states field supervisor for the disability department. He will operate out of Coral Gables, Fla. He has been in charge of the disability department's non-cancellable division for Florida and formerly was district manager for the superior policy department for Pennsylvania.

O'Regan Speaks on FTC, Health Insurance Assn. at Illinois A&S Forum

The FTC decision in the American Hospital & Life case poses a basic question of state versus federal regulation for A&S advertising. F. Joseph O'Regan, assistant general counsel of Health Insurance Assn., told the June meeting of Illinois A&S Underwriters Forum.

Mr. O'Regan discussed the formation and purposes of the HIA, the annual meeting of National Assn. of Insurance Commissioners at St. Louis and the American Hospital case. He said NAIC adopted a resolution which, in substance, disagreed with the majority opinion of the FTC. Though this has none of the force of law, it indicates the thinking of most of the commissioners.

American Hospital & Life has filed a petition for review in the court of appeal. Mr. O'Regan told 38 members attending the forum dinner. Because of the great importance of the case, HIA has decided to file a supporting brief and counsel is being retained for that purpose.

Mr. O'Regan said that one of the fallacies in the FTC theory concerning the federal government's right to regulate insurance advertising is that "mere movement of advertising material in an interstate medium is not in itself an offense either under the FTC act or the applicable state laws. There must be some point at which the advertising comes into contact with the public for there to be a violation. There can be no case in which contact with the public does not take place within the borders of a state in which both a company and its agents are licensed. If the state can control the sales activities of the insurer and its agent, it can control the advertising done by them. To deny state A the power to protect its citizens against misleading advertisements disseminated within state A from state B would be to deny it the power to regulate the sales activities of a company or agents licensed by it and subject to the exercise of its police power."

All 48 states and the District of Columbia have regulatory laws governing misleading insurance advertising. Mr. O'Regan said, so there is no gap in state regulation to which the FTC jurisdiction attaches.

Edward Ryan, Municipal, 1st vice-president, presided at the meeting, and Al Rose, Retail Credit, treasurer, reported that the forum, recently reorganized, now has 50 paid members.

N. C. A&S Assn. Elects C. M. Hooper President

North Carolina Assn. of A&S Underwriters has elected as president Charles M. Hooper, state manager of World at Winston-Salem.

Jack Wardlaw, local agent at Raleigh, was elected vice-president and Harry Schultz, Mutual Benefit H.&A., Charlotte, was elected secretary.

Elect McKinnon at Flint

Leonard A. McKinnon, McKinnon & Mooney agency, has been elected president of Flint Assn. of A&S Underwriters. He succeeds Prescott G. Averill, Prudential.

Other new officers are: Vice-president, Leo G. Mero; secretary-treasurer,

Mrs. Blanche R. Ritter; directors, Eldon M. Burton, Floyd W. Bryant, Chester Kelly, and Mr. Averill. The next meeting will be Sept. 27.

Ore. Labor Council Seeks Welfare Fund Disclosure

A resolution advocating state and federal legislation requiring full disclosure annually of the operations of union health and welfare funds was adopted by Oregon State Labor Council at its annual convention in Portland last month. The council, which represents a merger of the AFL and CIO unions, also adopted a resolution calling for separation of the state employment and workmen's compensation commissions and the appointment of a public member as chairman.

Mutual of Omaha Names J. E. Barrett Assistant V-P

James E. Barrett has been elected assistant vice-president of Mutual Benefit H. & A., with offices at Washington, where he will supervise liaison between Tele-Trip Policy Co. and Mutual of Omaha, which underwrites the air line travel insurance for the Tele-Trip organization.

Mr. Barrett has been with Mutual of Omaha since 1947, most recently as special assistant to President V. J. Skutt.

Goodman to Group Post for All American L.&C.

Walter E. Goodman, who has been assistant to the vice-president of Continental Casualty, has been named to head the new group division of All American Life & Casualty of Park Ridge, Ill. He will develop a sales and service organization.

Mr. Goodman joined Continental Casualty in 1944 as group representative in New York City, and later was made regional manager for the general group division, subsequently becoming national sales manager for group.

Moore Heads Chiropractic Division of Combined

Combined of Chicago has appointed Vaughn B. Moore manager of the new chiropractic health division. Mr. Moore also is president of Northern Security Life of Aurora.

The chiropractic health plan, which provides benefits for the services of chiropractors, is an innovation in the A&S field. It has been indorsed by National Chiropractic Assn.

Harper to Presidency of Minneapolis A&S Agents

Robert Harper, North American L. & C., has been elected president of Minneapolis A&H Underwriters Assn. Others elected are James Smith, All-American Life & Casualty, 1st vice-president; W. R. Wheeler, Monarch Life of Massachusetts, 2nd vice-president, and Frank Madsen, Mutual Benefit H. & A., secretary-treasurer.

Recommends A&S Term, Notice Plan in W. Va.

Commissioner Gillion of West Virginia will ask the 1957 legislature to change the A&S law to make all A&S policies run at least one year regardless of the premium due date and to increase from five to 30 days the length of notice when a company does not intend to renew an A&S policy.

Wayne J. Kras has been named superintendent of the recently established franchise and small group A&S department of Pioneer Mutual Casualty of Columbus.

Los Angeles Managers Discuss A&S Trends

A panel discussion on A&S trends featured the June meeting of A&H Managers Club of Los Angeles with Don Witherow of Connecticut General Life as moderator. Other panel members were Harry Anderson of the DeVies agency of Occidental Life of California and W. Lloyd Peterson of Mutual Life of New York.

The question of high first year commissions and a service commission later vs the flat rate commission was discussed without reaching a conclusion as to which is the better practice. A divergence of opinion was evident on the question of a broker or agent entering the claims picture, but all agreed that agents and brokers should see that the claim is paid and follow through after it is paid.

The group agreed that major medical forms will eventually be adopted by all companies despite the high cost of coverage and the adverse experience of some insurers which now write it.

Need "Insurance" in Title to Get into N. C.

Health Service of Chicago has been denied a license to sell A&S in North Carolina because of a state statute requiring all insurers to have the word "insurance" in their titles.

Attorney General Rodman ruled that the statute applies not only to domestic companies but also to all out-of-state companies seeking to enter the state. Health Service is owned by Blue Cross Assn. of Illinois.

Life, A&H Claims Assn. Is Organized at Detroit

Life, Accident and Health Claims Assn. of Detroit has been organized with William D. Zell of National Casualty as president. Other officers are: Vice-president, Linton Coveland, American Hospital-Medical Benefit; treasurer, Jack F. Noonan, Continental Casualty, and secretary, Lucille Wandrev. National Casualty.

The new association will discuss claim problems and promote a fraternity among the members. Memberships are on an individual basis with eligibility available to any company or person in the adjustment or claim investigation field for life or A&S companies.

Folsom Seeks OK to Pool A&S Resources

WASHINGTON—Representatives of life and A&S insurers are studying the administration proposal to permit health insurers and non-profit organizations, such as Blue Cross and Blue Shield, to pool their resources for voluntary health insurance without running afoul of the anti-trust laws. It seems generally agreed that there is no chance Congress will pass such a law this session.

When Marion B. Folsom, Secretary of Health, Education & Welfare, submitted the pooling bill, he also called for passage of the administration health reinsurance bill, which has been in committee many months.

J. G. Claiborne Promoted

J. G. Claiborne has been appointed manager of the A&S department of Employers Casualty of Dallas. He has been with the company for 30 years and has been sales manager of the A&S department since 1951.

Insurance Women of Helena, Mont., have elected Dorothy E. McEnaney as president; Mattie LaForce, vice-president; Nellie Rude, secretary, and Lena Lively, treasurer. Marceline Boneau is retiring president.

NEWS OF FIELD MEN

Florida Blue Goose Elects Brussel MLG

More than 150 ganders and their families turned out for the annual meeting of Florida pond of Blue Goose at Miami. The emphasis was on the family meeting, and the gathering was one of the most successful in history.

George H. Brussel of the Milton H. Spradlin general agency of Tampa was elevated to most loyal gander at the business meeting. Other officers are: Supervisor, R. L. Lewand, New Hampshire Fire; custodian, Henry J. Thornton, American; guardian, Theo. L. Randall, Randall & Hebard general agency of Jacksonville; keeper, John M. UpdeGraff of Miami, and wielder, Jack Flood of Jacksonville.

Ten goslings were initiated into the order, making the membership 296.

Boston and Old Colony Name 2 to Midwest Field

Boston and Old Colony have named Charles D. McCormack state agent for St. Louis county (Mo.) and Edward R. Rossi state agent for Cook, Lake DuPage and Will counties (Ill.).

Prior to joining Boston and Old Colony, Mr. McCormack had been with Missouri Inspection Bureau and America Fore.

Mr. Rossi was formerly with several Chicago agencies and prior to that was with Great American.

N.C. Puddle Elects, Forms Women's Unit

Greensboro puddle of North Carolina pond has elected Newell Sapp of General Adjustment Bureau big toad, David Austin of Aetna Fire polliwog, Michael G. Allen of Loyalty group croaker and Garland Wolfe of American and Charles J. Spivey of GAB bouncers.

A women's auxiliary was formed with Mrs. A. P. Carlton president, Mrs. H. Clayton Stallings vice-president, and Mrs. Robert B. Bass secretary.

R-L Makes Suburban New York Changes

Royal-Liverpool has appointed Frederick S. Carey suburban production manager at Flushing, N. Y., Robert E. Dickson state agent at White Plains, N. Y., and William F. Hetrick state agent at Flushing.

Mr. Carey joined the company in 1945 as an underwriter and for ten years has been a field man.

Mr. Dickson went to the company in 1951 as a special agent and has since served on Long Island.

Mr. Hetrick joined the company in 1952 and has been at Mineola, N. Y., since last November.

Scottish Union Has Changes in Tenn.

Clarence D. Johnson has been named Tennessee state agent of Scottish Union to succeed Clarence G. Sullivan. Mr. Johnson has been special agent in Tennessee several years and will continue to have headquarters in the Third National Bank building, Nashville.

Benia to Seattle Post

Thomas Benia has been appointed by Fire Association to succeed Evan Cochran as special agent at Seattle. Mr. Benia has been in charge of the Fire Association office at Spokane for five years. The Seattle office will continue in the Dexter Horton building.

Tenn. Field Club, Blue Goose Elect

Tennessee Blue Goose and Tennessee Fire Underwriters Assn. at a meeting last week at Glatlinburg elected new officers. There were 172 in attendance.

John Eubanks, America Fore, was named most loyal gander of the Tennessee pond, with Marshall Polk, Home, supervisor; Ira Jones, Tennessee Inspection Bureau, custodian; B. B. Coats, Hartford Fire, guardian; Henry Austin, General Adjustment Bureau, keeper, and Edward Martin, American, wielder. The pond took in 22 goslings.

Gilbert F. Jones, North British, was elected president of Tennessee Fire Underwriters Assn. George Middleton, America Fore, is vice-president, and Jack Elvis, Phoenix of Hartford, secretary-treasurer.

Named to the executive committee were B. B. Coats, Hartford Fire; James Hughes, Phoenix of New York; William Hester, Royal-Liverpool group; J. S. Caldwell, Crum & Forster, and George Frank, Aetna Fire.

North British to Open Field Office at Newark

North British will open a new field service office in the American building in Newark July 8 with state agent Robert R. Bumstead in charge.

The combined field force and casualty claim staff for the entire group will be consolidated there. George F. Charette will be in charge of claims.

Phoenix, Conn., Names Boger at New Haven

Frederick Boger has been promoted to state agent at New Haven by Phoenix of Hartford. He, with Walter B. Allen Jr. and Craig E. Gilbert, special agents, will handle the southern Connecticut territory under the supervision of Manager S. Gray Tracy at Hartford.

Mr. Boger joined the company in 1951 as special agent in New Hampshire and Vermont and in 1954 transferred to New Haven.

Calif. Blue Goose Elects Fierce Most Loyal Gander

C. H. Fierce, Oregon Mutual, has been elected most loyal gander of California pond of Blue Goose. Bryan Tichner, General Accident, is the new supervisor; Charles Rossier, Loyalty group, custodian; Charles A. Lutz, American International Underwriters, guardian; Pat Davis, Hindman & Davis keeper, and Robert Jackson, National Auto Club, wielder. PMLG Milton A. Dunn, Gulf, and Mr. Fierce were named delegates to the Grand Nest.

Wharton to Ky. Field for Crum & Forster Companies

John C. Wharton Jr. has been named a special agent in Kentucky for Crum & Forster companies. He will have headquarters with his father, State Agent John C. Wharton, at Lexington.

The younger Mr. Wharton has had 10 years of rating bureau, field and local agency experience. He is a grandson of the late Gabe Wharton, local agent at Springfield, Ky., who died a few weeks ago after more than 50 years in the agency field.

McPhaul Joins Quirk & Co.

Forrest M. McPhaul, who began his career with Texas Insurance Checking Office, then served as San Antonio special agent for Glens Falls, and

then with Southwest General, has been appointed special agent for Quirk & Co. general agency of San Antonio for the Rio Grande Valley with headquarters at McAllen.

Royal Exchange Names Stolz in New York

Royal Exchange has appointed Frank M. Stolz special agent in northeastern upstate New York, exclusive of suburban and metropolitan area. He will work under the supervision of State Agent Henry W. Tesche and his headquarters will be at Albany.

Mr. Stolz formerly was with New York Fire Insurance Rating Organization.

Forrest McPhaul Elected MLG of Alamo Blue Goose

Alamo Pond of Blue Goose has elected Forrest M. McPhaul, Quirk & Co., most loyal gander; Willard Heath, Heath Claims Service, supervisor; Harold Bracher, Great American, custodian; John Chadwick, America Fore, guardian; Kenneth Johnsen, Loyalty group, keeper; and Claude Skinner, Roberts & Skinner Adjustment, wielder.

The installation was conducted by PLMG Don Caldwell, who also acted as most loyal gander in the ritualistic work. Willard Heath gave the admonition; Kenneth Johnsen the charge

Hubing to Minnesota for National of Hartford

C. L. Zook, general manager of the National of Hartford group's western department has announced the appointment of James M. Hubing as special agent in Minnesota. Mr. Hubing was with Michigan Inspection Bureau for four years and since 1954 has been in private business. He will have headquarters in Minneapolis, where he will be associated with State Agents John J. Mulligan and Irvin O. Steen, and Special Agents Franklin E. Brigham and Louis S. Gut, and Casualty Supervisor S. A. Myhre.

Bozym to Ind. for Fire Association

William E. Bozym has been named state agent in northern Indiana in charge of the South Bend office by Fire Association. He succeeds Charles F. Levinson, who has resigned.

Mr. Bozym joined the company in 1948 and worked in accounting and fire underwriting at the home office. He went to Detroit in 1954 and has worked under the direction of Regional Manager John S. Albert. His headquarters will be in the I.O.O.F. building, Main and Washington streets.

Godsoe to Missouri for Royal-Liverpool

Royal-Liverpool group has appointed Harvey G. Godsoe special agent in northwest Missouri. He will assist state agent R. W. O'Brien.

Mr. Godsoe joined the group in 1955 as a special trainee and then took additional training at Kansas City. His headquarters will be at 1016 Central street, Kansas City.

Great American Names Miller Pittsburgh Head

Great American has appointed C. David Miller manager at Pittsburgh to succeed T. V. Laird who will retire July 1. Special agent Lawrence R. Bock will assist Mr. Miller.

Winner to N. M. Field

William M. Wimer has been appointed by Braerton, Simonton, Brown general agency of Denver as field man in New Mexico with headquarters at Albuquerque.

Aetna Casualty Opens Field Offices at Cincinnati, Omaha

Aetna Casualty has established new field offices in Cincinnati and Omaha and made several personnel changes in the fire insurance division. Richard B. Miller, who has been special agent at Columbus, O., will head the new Cincinnati office as state agent. The office will supervise activities in southwestern Ohio and northern Kentucky.

Special agent Richard O. Bottolfson will head the Omaha office. He formerly was at Waterloo, Ia.

The company also has transferred state agent Robert W. Dwyer from Pittsburgh to Chicago where he will be in charge of northern Illinois except Cook county. He succeeds state agent G. R. Nordgren, who is going to the home office.

State agent A. R. Lofgren of Minneapolis, who has supervised Minnesota, North and South Dakota for 27 years, is retiring and John C. Douthitt, who has been at Minneapolis since 1953, succeeds him.

Special agent E. H. Chadbourne transfers from Buffalo to Pittsburgh to assist in supervising western Pennsylvania.

Special agents recently graduated from the home office training course assigned to the field are Karl H. Appel to Columbus, O., Bradford D. George to Minneapolis, Edward T. Greck to Buffalo, Rolf E. Gustafson to Indianapolis, Edward P. Jenkins to Pittsburgh, John H. Johl to Newark, John E. Lassen to Detroit, Thomas L. Lowrey to Waterloo, Samuel S. McKenney to Wheeling, W. Va., Don W. Millure to Springfield, Ill., and Burton A. Selfridge to Denver.

North British Promotes Stitt, Bennett in Ohio

North British has appointed Richard Stitt and Samuel P. Bennett state agents in Ohio at Cleveland. Mr. Stitt will travel Cuyahoga, Summit, Lorain, Medina and Wayne counties, and Mr. Bennett will be in charge of northeastern Ohio.

Mr. Stitt was with Ohio Inspection Bureau before joining the group two years ago. Mr. Bennett was a special agent in northeast Ohio.

Royal-Liverpool Names Ky., Tenn. Field Men

Royal-Liverpool group has appointed Joseph J. Dorsett special agent in Kentucky at Louisville and E. Scott Paschal special agent in middle Tennessee at Nashville.

Mr. Dorsett joined the company last year at Richmond. Mr. Paschal started with the group last year at Nashville.

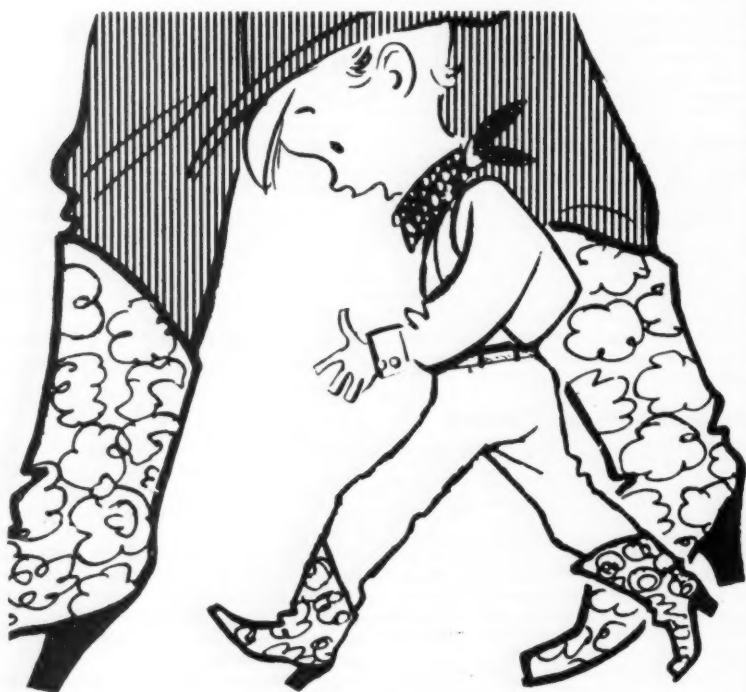
Spence Succeeds Lafon with Security-Conn.

Francis L. Lafon has retired after 35 years as Florida state agent of Security-Connecicut and is succeeded by Wilton B. Spence, who has been his assistant in Florida.

Mr. Lafon joined the group in 1921. Shortly before his retirement he was given a watch in recognition of his service.

Turner to Mass. Field for Phoenix of Hartford

Phoenix of Hartford has named C. Robin Turner special agent at Boston succeeding Kenneth R. Langer, who has been promoted educational director. Mr. Turner joined the company last year.



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Multiple Forms Will Produce Problems

(CONTINUED FROM PAGE 10)

tion of the following statement to the clause: "When the full cost of repairs or replacement exceeds \$1,000 or the said 5%, the depreciation deducted shall not reduce the gross loss (before any deductible that may apply) to less than \$1,000 or the said 5% whichever is the lesser."

Mr. Angell foresees that the replacement cost feature, where cover is carried to 80% of replacement cost of the building, will cause some strained adjusting relations. The provision calls for reimbursement after repair or replacement has been completed. Then the limit of liability would be limited to the replacement cost of the structure on the same premises and intended for the same occupancy and use, or the amount actually and necessarily expended in repairing or replacing the building or any part of it.

This is really doing two things, he said: Indemnifying insured for loss and reimbursing insured for his out-of-pocket expenditure that he had not anticipated so that his capital and investment is not disturbed by his unexpectedly being forced to replace old with new. This is not a true loss, he said, for the improved property would be set up as a greater asset in most cases, balancing the out-of-pocket expenditure. However, insured is prevented from turning property into cash by the requirement first to rebuild or repair.

For example, insured carries \$20,000 on the dwelling. The adjuster determines that the replacement cost is \$25,000. Eighty percent of \$25,000 is \$20,000, so insured is entitled to the benefits of replacement cost coverage. Insured asks the adjuster to wait before the replacement bills are in before adjusting, but the adjuster makes a preliminary adjustment of \$10,000 minus depreciation of \$2,000 for a net claim of \$8,000. Insured makes his repairs and presents the adjuster with a \$12,500 bill when the latter makes his final adjustment. Mr. Angell predicted that in eight of 10 cases the bills will stand and the excessive amount will

be paid, because "it is hard to argue against a dollar spent."

He said the companies in this replacement cost extension, have annulled one of the cardinal principles of adjustment—to agree on the amount to be paid to insured before work is begun and, only under exceptional circumstances, to authorize insured to proceed with repairs with a commitment to adjust on the bills.

"When the companies commit themselves to pay the bills with no provision requiring prior approval by the company before the expense is incurred," Mr. Angell asserted, "insured is being allowed to practically write his own check."

He added that since the bill is on the insurer, there is no incentive for the owner to have the work done economically. The owner knows from the preliminary estimate that the adjuster is figuring a replacement cost of \$10,000. If he can get the work done for \$9,000, an unscrupulous owner has an opportunity to arrange either for the contractor to conceal extra work or to conspire on a kickback and return a bill for \$9,950. If the adjuster complains to the contractor the latter can say he has no obligation to insurance companies to renegotiate.

An adjuster's only recourse is to have a reliable contractor survey the loss with him and give a guaranteed figure on the repairs. Complete notes must be kept on types and sizes of equipment and quality of materials, and photographs may have to be taken. Scope and price of work should be agreed upon with insured in writing, and, if possible, with insured's contractor before work is started. Periodic inspections should be made during the work. He said in that way only can the adjuster be prepared and retain control if the loss should later go to appraisal after the bills are in and the evidence is destroyed. He commented that the waste of time and expense to adjuster will be almost prohibitive. In addition, he must use "exceedingly" good judgment in ascertaining how far insured can be trusted,

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and, even with the best of caution, sometimes the adjustment will get out of hand.

"These provisions should be carefully weighed to determine if their advantages offset the rough adjustments that they will cause before these forms become more common and the problems more acute," he stated. He quoted Commissioner Humphreys of Massachusetts who said that in the development of new forms of cover under increasing pressure of competition, caution has given way to an element of recklessness."

Though it is still too early for court decisions, Mr. Angell cautioned claims managers, agents and the public to realize that all rough adjustments are not to be charged against the ability of the adjuster. Many of the problems, he said, stem from the working of the contracts and the non-concurrencies that will arise until terms of the older forms expire.

Reviewing some of the basic principles of adjusting, Mr. Angell warned adjusters to explain depreciation in terms of betterment in figuring losses with insured. He said it is better psy-

chology to tell him that the new roof will give him 15 years more service, and therefore allowance must be made for this improvement, than to tell him his roof was no good in the first place. He naturally will defend his home if he thinks it is being run down.

He urged agents to know the customer's insurance needs and tailor coverage to fit them adequately. The many new specialized forms give the agent a much wider range from which to choose the right policy.

Mr. Angell suggested that agents review policies at expiration date or periodically to see if insured has changed his manner of doing business or to see if property values are changed. If he is underinsured, call it to his attention in writing, Mr. Angell said, and recommend insured obtain expert appraisal. He cited a case where a church sustained a \$48,000 replacement lost with a depreciated value under the 10% replacement cost coverage clause of \$32,000. Due to an inexperienced appraisal by a company field man, the agent recommended that only \$16,000 would be necessary to comply with the clause. When the church found it was to be a coinsurer, it boosted claims to compensate.

When a loss is reported, Mr. Angell told agents to obtain as much data as possible, advised insured as to temporary protection, fill out a loss notice quickly and completely, choose a competent adjuster, if that is the agent's prerogative and give him all the essential information and background. During adjustments agents should not side with insured but should remain quiet. Insured, if he thinks the agent is on his side, may press the agent. Mr. Angell said that 40% of insured are honest and want only a fair break; 40% will try to get as much from an adjuster as possible in attempts to beat companies out of money, and 20% are crooks and arsonists. Maintaining friendly neutrality will do far more to promote smooth adjustment. He cautioned agents to wait until the interview with insured is over before making comments on the value of his adjustment. Advise him then if he was wrong, Mr. Angell said, and mention it to his company if he did an outstanding job.

Hartford Accident Advances Davy

Hartford Accident has appointed Ralph T. Davy district engineer at Philadelphia, succeeding John J. Coogan Jr., who retired.

Mr. Davy joined the company in 1936 at Philadelphia. Transferred to Baltimore, he returned to Philadelphia in 1945.

Mr. Coogan went with the company in 1915. He served at the home office and at Buffalo, N. Y., before transferring to Philadelphia in 1926. He has been district engineer since 1939.

Cleveland Mariners Elect

Charles E. Williams of Home has been elected skipper of Mariners Club of Cleveland to succeed James R. Donovan of Aetna Casualty.

Other new officers are: Paul Nagle of Aetna Casualty, 1st mate; Eugene J. Eppe of Royal-Liverpool, purser, and Charles D. Stemmerman of Home, yeoman.

Voigt, Walker & Co., Inc., Seattle surplus line brokers, has named George W. Fuller resident manager of its new branch at Portland, Ore. Mr. Fuller was formerly resident vice-president in the northwest for the Continental companies.

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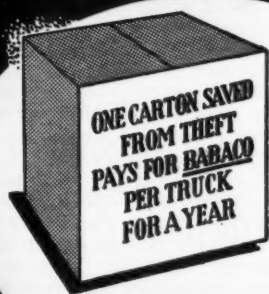
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More Underwriting Ahead for Insurers

(CONTINUED FROM PAGE 12)

in other property reinsurance fields, he said.

In liability, the low pressure reinsurance appears in the form excess of loss covers applying to modest amounts—say the first \$100,000 of loss in excess of the primary insurer's first loss retention. This takes in 99% of the day-to-day losses and constitutes an area within which there is a certain degree of credibility. It stops short of the unusual and highly expensive losses such as the workmen's compensation losses at Texas City or some of the utility business which has produced high losses from gas explosions.

The characteristic of these low pressure reinsurances is that they reflect rather closely the trend of the business as a whole. While their purpose is to take the peaks out of the normal day-to-day underwriting, reinsurers as a whole enjoy—or suffer from—essentially the same results as the primary insurers. The experience in this field has statistical credibility, and the fluctuations from normal are neither

extensive nor unduly painful. They also produce a substantial premium income to reinsurers and the experience credibility enables a reinsurer, within a reasonable length of time, to recoup his losses.

Among high pressure reinsurances are fire and marine catastrophe covers which, notably in the field of wind-storm insurance, have protected primary insurers against tremendous accumulations of loss in the untoward events of recent years, Mr. Diemand observed. Here also are the casualty excesses in layers above the first \$100,000 of loss retention. Here also are the second and third surplus fire and marine treaties which skim the high peaks off a company's book of business. Here also are the facultative reinsurances on large risks—whether fire, marine, or casualty. All the elements within this field have a common characteristic: The premium related to liability is small, the loss potential is high, and the recuperative value of the business is low. It is an

area of feast or famine, or, in the words of the eminent John J. Seibels, "turkey today and feathers tomorrow." Reinsurers in this field must expect to be cleaned out periodically and must have no compunctions whatever about seeking an extra pound of flesh whenever they feel it is necessary. The field of high pressure reinsurance, in short, is one that separates the men from the boys.

High pressure reinsurances are not limited merely to the forms that the reinsurance takes. Certain fields no one is particularly happy to reinsure under any circumstances, such as liquor law liability, long-haul truck and bus business, railroad and aviation risks, and underground mining. Here also are many classes of business normally declined by domestic insurers and relegated to the surplus line writers and non-admitted insurers.

As mentioned, he continued, domestic insurers have enjoyed the good fortune of being able to winnow out simple from difficult business and to pass on to reinsurers the more difficult elements of their portfolios—because there was enough available premium volume over-all so that even under such a practice they could keep a sufficient amount of underwriting income for their own account. This same condition, until recent times, has prevailed in reinsurance as well. Domestic reinsurers have sought the low pressure business and have retained it for their own account. There has generally been enough of it to go around so that hunger did not drive them into the sparse and rocky pastures of the high pressure business. Many reinsurers would accept a company's business, good and bad, high pressure and low pressure together, but then would lay off the high pressure and keep for themselves the relatively painless low pressure business.

To illustrate, a casualty reinsurer might issue a contract giving a limit of \$1 million. The chances are pretty good that the reinsurer would keep only \$100,000 to \$150,000 of the first loss and pass on the excess to another market—generally Lloyds. In fire and marine catastrophe covers, reinsurers have undertaken to accept these high pressure covers along with the low pressure business but have passed off the lion's share of the difficult business and the large possible share of the low pressure business. In most instances, the laying off of the high pressure business went into the foreign market and was not handled domestically.

Mr. Diemand then examined the steps taken in recent years to underwrite in the domestic market reinsurances in general and high pressure reinsurances in particular.

A notable example is Excess Reinsurance Association, he said. This undertaking has sought to put several of the leading insurers in the position of underwriters of fire and marine

catastrophe reinsurance. While the member companies do not actively perform the functions of rating and selection of business, they carry the risk. In effect, it is an underwriting syndicate comparable to those at Lloyds, employing a manager to conduct its affairs. This has been a great stride forward. Its only flaws are that since a great deal of the business underwritten is made up of the covers and reinsurances placed by members, at times members feel they are merely taking in each others' wash. Also, the membership has insisted rather strongly that reinsurances should be accepted only from orthodox companies. These two factors narrow the scope of the organization, but it has been a great step forward.

Casualty Reinsurance Association, which is its counterpart in the casualty field, is likewise doing its share in developing a domestic market.

Individual companies also have ventured into the general reinsurance field, and they include the Seibels, Bruce group, Fireman's Fund, Continental Casualty and North America. While each of these companies operates on a different basis and with varying degrees of effectiveness, the effect in total is to broaden the market for domestic reinsurances.

At present a movement is stirring within the business which will, within the next few years, have a telling effect on reinsurance, Mr. Diemand stated. In recent years primary companies have expanded their operation with low pressure business only, and they have done this very successfully by changing completely the merchandising practices of the business. While there are several companies of this nature, Allstate comes to mind as the most prominent. Because of a rate differential made possible by a low-cost merchandising method, this company has contrived to absorb in a very short time substantial amounts of simple, low-pressure business. It is obvious that Allstate will continue to do so and that other similarly operated companies will come into existence and flourish.

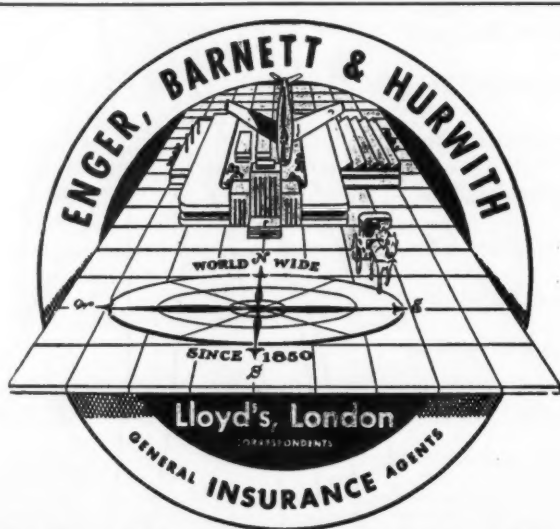
The effect of this condition on the standard, orthodox companies will be dramatic, Mr. Diemand believes. They must face the inevitable loss of large quantities of business and must seek new avenues by which to restore a waning volume. Among the avenues will be:

1. A reduction in the amount of reinsurance ceded. Naturally on a waning gross, the net income can be maintained to a certain extent simply by limiting outgo. In order to survive, many companies will have to emerge from the shelter of heavy reinsurance and devote themselves to the serious business of underwriting.

2. The necessity for premium income will drive many companies into fields of insurance which thus far they have managed to avoid. A great deal of this business today is represented by surplus lines which go to non-admitted markets because there are not enough takers here.

3. More and more companies will consider the acceptance of reinsurance as an additional function of their underwriting program with which they can maintain volume and earn, by toil, sweat, tears, and terror, an honest nickel's worth of underwriting profit.

Cyril C. Thomas is retiring as comptroller after 32 years with Fairfield & Ellis, general agents of Boston and Montreal.



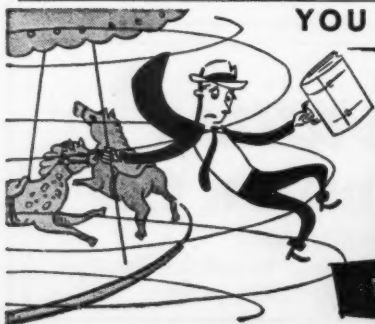
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Cameron Heads New Boston Multiple Line Unit in Michigan

Boston group has appointed William D. Cameron, assistant secretary, manager of a newly-created multiple line region at Lansing, Mich. He will supervise business in Michigan, Indiana, and Illinois (other than Cook, DuPage, Lake and Will counties).

He started in insurance with Michigan Inspection Bureau in 1920 and joined Boston in 1924 as special agent in Michigan. He was promoted to state agent there in 1926 and was named assistant manager of the western department at Lansing in 1947. He was elected assistant secretary in 1953.

McGuinness Heads Insurance Managers

American Society of Insurance Management has elected as president William D. McGuinness, insurance manager of Port of New York Authority.

Other new officers include H. Stanley Goodwin of McKesson & Robbins and Frank Hornby Jr. of Ebasco Services, vice-presidents; J. S. Southwick of Ethyl Corp., treasurer; Robert B. Schellerup of Union Bag & Paper Co., secretary, and James Mullen of Canned Syrups & Sugars, Mr. Schellerup and Mr. Southwick, directors.

Laverty Resigns as V-P of F.&C. of Conn.

John K. Laverty has resigned as executive vice-president of Fire & Casualty of Connecticut to become president of Connecticut Underwriters, reinsurance intermediaries.

Two New Kemper Junior Executives

M. F. Froh and C. Robert Miles have been appointed junior executives of the Kemper companies. Mr. Froh is production manager of the accident and health department in the home office, and Mr. Miles is office manager of the accident and health department.

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S. L. Stebbins, 19 Years Employers Re Secretary, Retires

Selden L. Stebbins, for 19 years secretary of Employers Reinsurance, has retired. He has been with the organization for 30 years, starting as senior accountant and statistician. Mr. Stebbins was a CPA before joining Employers Re, and is well known in the reinsurance business as a leading accounting executive. He will continue as secretary of Employers until a successor is named.

Features for Women at NAIA Convention

Tours of the United Nations and around Manhattan and a lecture on interior decorating have been planned for the ladies program during the annual convention of National Assn. of Insurance Agents Sept. 17-19 at the Waldorf-Astoria hotel in New York City.

Sept. 17 will be the UN tour. Groups of 20-25 will be taken on an hour long guided inspection of the secretariat and assembly buildings. A limited number of advance registrations can be made through the NAIA for the delegates dining room if any of the ladies wish to have lunch there at their own expense.

Sept. 18 NAIA has chartered a ship for a three hour afternoon cruise around the island of Manhattan.

Sept. 19 B. Altman & Co. will serve a breakfast and give a lecture and demonstration on interior decorating. Corsages will be provided for all the ladies and door prizes of Altman's gift certificates will be awarded.

Mutual Agents Offered Group E&O Coverage

National Assn. of Mutual Insurance Agents is offering its members a group errors and omissions coverage at a 20% discount of rate for individual agencies. The discount does not apply in Illinois and Kentucky.

The premium for \$50,000 of coverage with a \$1,000 deductible is \$93 for a staff of one, running up to \$386 for a staff of 15. The 20% is deducted from these figures. For amounts of coverage larger or smaller than \$50,000, the premium is increased or reduced by 60% for \$10,000, 120% for \$75,000, 150% for \$150,000, etc. There is also a variation for various deductibles and 25% for a \$500 deductible, and it is decreased 10% for a \$1,500 deductible on up to 25% for a \$5,000 deductible.

Dreyer to Seattle as Mass. Bonding Manager

Massachusetts Bonding has transferred Fred Dreyer from San Francisco to Seattle as manager. He has been superintendent of the bond department at San Francisco, and at Seattle replaces Jack Hipple, who has joined National Fire as state agent.

U&O Discussion in Wis.

Dodge County, Wis., Assn. of Insurance Agents heard a discussion of business interruption insurance for large and small businesses by Ray Beck, Employers Liability, and Gordon Hasting, Western Adjustment. The meeting was at Mayville Golf Club, with President George Lindermer, Juneau, acting as chairman.

House committees have reported favorably on bills to extend the aviation war risk program for five years and to extend war risk hazard and detention benefits to employees of government contractors overseas.



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J. M. Hayes Becomes V-P of Transport Indemnity

John M. Hayes, vice-president and partner in the surplus line agency of Haidinger-Hayes at Los Angeles, has joined Transport Indemnity as vice-president.

Haidinger-Hayes will continue to operate under that name for the time being. V. M. Haidinger has been in the business since 1928 and joined the brokerage firm of Emmett & Chandler in 1930. He has also been with Newhouse & Sayre and organized Haidinger-Hayes shortly after resigning from

Swett & Crawford. Mr. Hayes started with the former firm of Newhouse & Sayre in San Francisco, later joined the Victor Montgomery general agency which he left to form Haidinger-Hayes.

Security-Conn. Moves N.Y. Branch

Security-Connecticut has moved its New York branch to 55 John street. Eugene A. Toale is manager.

Aribert L. Young, who has been for several years with the Indianapolis law firm of Armstrong, Gause, Hudson & Kightlinger, has been made a partner. The firm specializes in representing insurers.

Insured Loss \$470,000 in W. Va. College Fire

Insured loss in a \$1.5 million fire that swept the college of engineering at West Virginia university June 13 was \$470,000. General Adjustment Bureau is handling the loss. The university carried insurance on the 54-year-old building but carried none on its contents, valued at more than twice that amount.

The three-hour fire leveled the building which was scheduled to be replaced soon under a bonding program approved by the state legislature. Exploding gases and chemicals added to the intensity of the blaze.

North America Makes Managerial Changes

Fred O. Hansen has been appointed manager and Arthur L. Morrison assistant manager of the New York processing office of North America.

Mr. Hansen has been with the group since 1912 as a statistician in the comptrollers department of Indemnity of North America. Mr. Morrison joined the group in 1942 in the agency accounting department at Philadelphia.

Hartford Accident Promotes Scott

Hartford Accident has appointed Earl K. Scott associate manager at Philadelphia.

He joined the company in Philadelphia in 1928. He was named superintendent of liability in 1931 and was a special agent and superintendent of casualty before being appointed assistant manager in 1948.

Atlantic Mutual Makes Three Changes in Pa.

Atlantic Mutual group has appointed Norman Lucas multiple lines underwriter and G. Sanford Foster III and Richard F. Stahl special agents, all at Philadelphia.

Mr. Lucas was with Fire Association and American Casualty before joining Atlantic Mutual. Mr. Sanford started with the group in 1952. Mr. Stahl has been a casualty underwriter and special agent with North America.

Alaska Agents Set Program for Annual at Fairbanks

Program arrangements for the annual convention of Alaska Assn. of Insurance Agents, Aug. 8-10, have been completed.

Headlining the program will be Fay H. Hawkins, assistant general manager of Pacific Fire Rating Bureau, who will discuss national problems confronting the fire business. Other speakers will include H. P. Sargent state national director of Washington Assn. of Insurance Agents, whose subject will be surplus lines legislation; Robert D. Williams, Seattle insurance attorney, who will review counter-signature laws presently in force, and Irwin Mesher of Seattle, who will discuss problems of special interest to insurance producers.

Commissioner Duncan of Alaska will report on department activities and there will be a report from the Alaska Insurance Commission. Many of the legislator-agents will be in attendance,

pointing up added interest in the 1956 convention as it will precede the forthcoming 1957 session of the Alaska legislature.

The first day will be devoted to registration and a tour of gold dredges and the University of Alaska, followed by a meeting of the officers and a cocktail party given by Fairbanks Insurance Agents Assn. Business sessions will be conducted Aug. 9-10.

N. Y. Agents Assn. Gets Two Officers

Raymond A. Muth of Newark, N.Y., was elected a director of New York Assn. of Insurance Agents at an executive committee meeting. He fills the unexpired term of George G. Graves of Wolcott, who resigned. William A. Kleine of Bronxville was named regional vice-president of district 1 to replace Joseph K. Wright of Nyack, who asked to be relieved of his duties.

M.O.A. Appoints Rulfs, Drysdale at Boston

H. H. Rulfs has been named manager and K. G. Drysdale special agent at Boston by Marine Office of America. Mr. Rulfs joined M.O.A. in 1941 and has worked in the reinsurance, policy, monthly reporting and inland marine departments. Since 1952 he has been Baltimore special agent.

Mr. Drysdale entered insurance with North America in 1950. He recently joined M.O.A. at New York.

N. Y. Agents, MVB to Discuss Compulsory

A committee of New York State, Assn. of Insurance Agents will meet with representatives of the New York motor vehicle bureau July 18 to discuss the operation of the compulsory automobile law. The discussions will involve rules and regulations which the agents hope will not be burdensome to the public or the agent.

Catastrophe Loss Methods Simplified

Boston Board has recommended four simplified catastrophe loss procedures for use by general agent members. They are:

Loss report will be typed or printed by local producers in quadruplicate. Telephone reports are to be discouraged.

A brief description of the damage is requested with an outline of necessary repairs and a dollar estimate of extent of damages. Formal estimates should be sent only on request.

A 72-hour moratorium will be observed for organization of catastrophe operations.

Top-line assignment will be made by agents or general agents. Where more than one office is on a line, assignment on equal amounts will be made by agreement.

Mich. Millers Promotes Hewitt

Richard E. Hewitt has been appointed assistant agency superintendent of Michigan Millers Mutual.

He has been with the company since 1932 and for the last nine years was state agent for Pennsylvania and Maryland. He is a director of the Sparks Club.

Nashville Assn. of Insurance Women have elected Miss Geneva Byrd president, Mrs. Miriam Yarbrough vice-president, Mrs. Norlene Marshall and Mrs. Elva Fitzwater secretaries, and Miss Miriam Melton treasurer.

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Zurich Promotes 3 at Head Office

Three staff changes have been made at the U. S. head office of Zurich.

David W. Shand Jr. has moved from New York to Chicago as assistant secretary of Zurich, American Guarantee and Zurich Life. He has been administrative assistant in the eastern department since February, 1955. Prior to that he was a supervising underwriter in the head office. He entered insurance in 1939 with Zurich.

Chester J. Toren has been named assistant secretary of all Zurich companies. He joined the companies in 1947 as statistical supervisor, became a statistician in 1949, and was made assistant actuary in the group department in 1955.

Robert J. Hoyer has been appointed assistant controller of all companies. He has been with the companies since November, 1955.

Glens Falls Names Crissey Va. Manager

Glens Falls has appointed Charles E. Crissey manager at Richmond, Va., succeeding the late C. R. Riley. Mr. Crissey will be in charge of all direct writing operations in Virginia and North Carolina.

He started with the company in 1929 at the home office and was named special agent in Virginia in 1942. He was made assistant manager at Richmond in 1953.

Heads N. Y. Claims of Md. Casualty

Maryland Casualty has named Murray C. Pontius manager of the New York claims division, succeeding the late Wade G. Bounds.

Mr. Pontius joined the company in 1928 and was named manager at Rochester, N. Y., in 1942. He was appointed field examiner in 1949 and, since the first of the year, has been acting manager of New York claims division.

Stresses Homeowners' Value for Mortgageors

Mortgage bankers and mortgageors have similar interests and similar insurance needs, Thomas E. Walton Jr., vice-president of North America, told the school of mortgage banking at Northwestern university. They have a responsibility to each other as well as responsibility to themselves, he said.

He stressed the importance of insurance to value. Failure to suggest insurance equal to value is harmful to the lender's interest as well as to the client.

Homeowners policies provide better coverage than the mortgageor has been buying in the past, he said. It is in a simplified form more convenient to him and more easily understood, and at a price considerably less than he would have had to pay if he purchased all the coverages separately.

Markel Lauds Uniform Traffic Law Study

Lauding the action of the nation's governors in setting up a committee to study the adoption of uniform motor vehicle laws, Irvin S. Markel, president of Markel Service, termed it "one of the most constructive steps yet taken toward cutting the national traffic death toll."

Mr. Markel said that any uniform code adopted should call for strictest enforcement possible of the speed laws of all states, require compulsory periodic inspection of motor vehicles, and limit the insurance of drivers' licenses to individuals who are completely qualified to drive and who have reached an age of moral responsibility.

S. C. Got WC Decrease Instead of Increase

South Carolina received a 5.7% decrease in workmen's compensation rates last Dec. 31 instead of a 5.7% increase as reported in last week's issue.

Buoy Joins Scibal

John J. Buoy has joined Scibal Adjustment Bureau of Atlantic City and Camden. He has been a liability adjuster of Home Indemnity at Wilmington.

Mo. 1752 Club Elects Dowell

Missouri 1752 Club has elected Glenn Dowell, Northwestern Mutual, president; J. L. Lunsford Jr., Nelson general agency, vice-president, and W. L. Masterson, Farmers Alliance, secretary.

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Tri-State Insurance Building

Tulsa, Oklahoma

Ocean Marine Competition Becomes Sharper

(CONTINUED FROM PAGE 1)

ever, in many cases today premiums are lower than they were before the war and, with the marine extension covers of a few years back, the insurance is broader.

Also, there is still a tendency among

some underwriters to cover trade losses. This is the "normal" loss which, in the shipping business, can almost certainly be expected to occur, particularly with cargoes such as scrap and oil. Leakage or shortages have a way

of occurring rather regularly, though it should be pointed out that when there is an overage, the underwriters do not recoup for losses under trade loss coverage. Some underwriters will cover such losses at an added premium, and while the market is not large for this modification of basic marine coverage, it is there, and it is regarded by veteran underwriters as unsound. Underwriters who do write the trade loss generally accomplish it by reducing the normal deductible or waiving it. The practice has tended to be more of a problem as rates have declined.

In addition there has been some effort to buy rejection insurance, under which the insurer warrants that an import will pass the U. S. food and drug standards and get into the country. For example, a shipment of fancy walnuts may not meet the food and drug standards, it is rejected, and the trader has lost the cost of the shipment or at least undergone the expense of sending it back. Some of this is being underwritten.

Of course, there is always a certain class of underwriter who will get business on a non-regulated line such as ocean marine and then, if he gets hurt, will raise the rates and hope to keep his customers. Very often such customers are of the "moving" type anyway, and when rates go up they will move on again—if there is another place to go.

Among the large losses since Jan. 1 are the *Washington Mail*, *Avenir* and *Altair*. *Washington Mail*, a C-3 freighter of American Mail Lines, broke up in a storm with a cargo of copper scrap and other miscellaneous items bound for Japan. American hull and cargo insurers were on this loss.

The *Avenir* was enroute from Vera Cruz to Tampico with part of a load of coffee and copper when it caught fire and burned. This represented loss of approximately \$500,000 on cargo, and American insurers were interested in that part of the liability. The hull was sold for scrap.

The *Altair* bound from the Argentine to Europe, had a general cargo of meats, grain, etc. It struck a rock and ultimately sank. American underwriters were interested in the cargo.

Great American Names New Staff Adjuster

Great American has appointed Hubert Stutzman, who has been special agent in the western half of Queens county, N. Y., staff adjuster in Queens, Nassau and Suffolk counties. He is succeeded by Donald E. Cook, special agent, who has been supervising the eastern half of Queens county.

Mr. Stutzman's new headquarters will be at 351 Hempstead turnpike, West Hempstead, N. Y. Mr. Cook will operate out of the same headquarters.

Pa. Files Suits in Seaboard Mutual Case

The Pennsylvania department has initiated legal action against former policyholders of the defunct Seaboard Mutual Casualty of Philadelphia to collect \$2,850,000 in assessments from 44,000 insured of the company. So far 198 suits have been filed in county courts, 185 in Philadelphia, which aggregate \$88,123 in assessments. The mutual was liquidated in 1951 and the assessments were ordered in 1953.

H. R. Nevins has retired as Indiana director for State Farm Mutual group after 31 years with the companies. He will continue as a director of all three companies. Fred A. Gates of Indianapolis succeeds him as state director. Milford B. Cox of Mooresville has been named assistant state director.

Missouri Mutual Agents Reelect Frick at St. Louis

ST. LOUIS—Missouri Assn. of Mutual Insurance Agents at its meeting here reelected William M. Frick of Kansas City president.

The association approved a dues increase to provide for employment of a full-time executive secretary and voted to propose St. Louis as the site of the 1958 national convention.

Other new officers are E. R. Einsel of Joplin, Ray H. Riemker and Trafford W. Tallmadge of St. Louis, Robert A. Haake of Kansas City, and John R. Widmer of Salisbury, all vice-presidents; and Lydia Rhodes of St. Louis, secretary-treasurer.

James C. O'Connor, executive editor of *F. C. & S. Bulletins*, moderated a panel discussion on "Constructive Thinking for Better Business." Panelists included Charles E. Nail, president of Lumbermens Mutual; John B. Owens, president of Central Mutual Casualty; A. Lynn Minzey, vice-president of Auto-Owners; Frank Parks and Emmett V. Thompson, both of St. Louis, and Bernard L. Thompson and Ralph B. Williams, both of Kansas City.

William H. Rodda, secretary of Transportation Insurance Rating Bureau, was moderator of a second panel session on "The Moneymaking Insurance Packages." Panelists were Everett J. Raabe, vice-president Central Mutual of Van Wert; E. C. Jones, executive vice-president Iowa Hardware Mutual, and A. P. Jones, secretary Mill Owners Mutual.

Other program speakers included Leonard Millstead and Leonard Kingston of Equity Mutual who discussed "Recent Changes in Casualty Coverages," and Lee Cavanaugh, St. Louis advertising man, who discussed "How Advertising Affects Daily Lives."

R-L Makes Changes in Education and Personnel Sections

Royal-Liverpool has appointed Robert C. Burke as assistant secretary with administrative supervision of the personnel and education departments. Charles A. Denneen has been named manager of the personnel department, succeeding Mr. Burke. James A. Baxter has been named superintendent of the education department, succeeding Frank D. Eubank, who is retiring at the end of July.

Mr. Burke joined the group in 1947 in the coordination department at New York. He transferred to the personnel department in 1949, and was named superintendent in 1952.

Mr. Denneen joined the group as an employment interviewer in the personnel department in 1946. In 1952 he became assistant superintendent of the personnel department.

Mr. Baxter joined the group at Chicago in 1929. He became an underwriter in the Chicago brokerage department in 1936 and was named special agent at St. Louis in 1937. After army service he became state agent at St. Louis. Later he was state agent at Peoria, Cedar Rapids, and Omaha, and in 1950 returned to St. Louis. He transferred to the education department at New York in 1953.

The California department has approved the name *Attorneys Ins. Co.* for a projected Los Angeles insurer.

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Promote Eight at American Casualty

Eight executives have been promoted by American Casualty. Lewis H. Bernet was named a vice-president and director. Albert H. Kessler was advanced from assistant vice-president to vice-president in charge of the A&S department, William P. Wiest Jr. from assistant secretary to resident vice-president of the central Pennsylvania department, and James L. Spicer from manager at Washington to resident vice-president there.

M. Thomas Valaske, counsel, was elected secretary to succeed C. R. Ellis. Robert R. Nagle, chief accountant, and Warren F. Hilbert, collection manager, were promoted to assistant treasurers, and Walter Rothermel, director of personnel and education, was advanced to assistant secretary.

Mr. Bernet has been with the company 32 years. He was an accountant and chief accountant until 1943 when he was appointed assistant treasurer. He is in charge of all the company's accounting and statistical operations.

Mr. Kessler joined the company in 1951 as claims manager of A&S and assistant vice-president.

Mr. Valaske joined the company in 1949 at Nashville, where he has been regional attorney.

Phoenix of London Opens Newark Branch

Phoenix of London group was host to more than 200 agents and guests at the formal opening of its new Newark, N. J., branch at 60 Park place.

The new office will service the entire state with exception of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean and Salem counties. George Wander is manager.

Guests from the home office included John Robinson, president, W. C. Harris and D. W. LaRocque, vice-presidents, George Hoefler, claims manager, and F. M. Jackson, assistant production manager.

Elect Darling at Elkhart

Elkhart, Ind., Assn. of Insurance Agents has elected Charles Darling president; William Szobody vice-president; Pete Berkey treasurer; and Ward Merchant secretary.

May Traffic Deaths Show 4% Increase

Traffic fatalities numbering 3,170 in May were the highest for that month in history, according to the National Safety Council. The 1956 figure for May was 4% over the total for the same month of last year and compares with the previous high of 3,100 in 1952.

For the first five months of 1956, traffic deaths were 14,720, 9% over the same period in 1955. May was the 15th consecutive month to show an increase over the corresponding month of the previous year and was the fourth of five months this year to set a new record or equal an old one.

Heads R-L Casualty Operations at Albany

Royal-Liverpool group has promoted John C. Bastian Jr. from supervising underwriter to casualty manager at Albany, succeeding Gilbert C. Nourse, who has transferred to New York City as casualty underwriting manager. John J. Goebel will succeed Mr. Bastian as supervising underwriter.


Mr. Bastian joined the company in 1951 as an underwriter at Albany. Mr. Goebel was an underwriter at East Orange, N. J.

Stief to Head Operations Unit for Kemper at Summit

W. J. Stief has been appointed operations manager of the Summit, N. J., branch office of the Kemper companies. He also will continue to serve as manager of the Summit office procedures department. He joined the Kemper companies in 1946 and in 1950 was named procedures manager at Philadelphia. He was transferred to New York as head of the procedures department in 1953.

Richard Budlong Jr. has gone into the agency business with the Wright agency of Dallas, Tex. For three years he has been an underwriter with American Automobile at Minneapolis and Dallas. His father is an executive with Life Insurance Selling and the Local Agent magazines.

The New York reinsurance firm of Pileer & Frank has promoted Harry J. Moles from Brokerage manager to vice-president.



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Dormant Accounts in Banks Provide Source of Funds for Defaulters with Easy Trail to Hide

The potential danger of embezzlement from dormant accounts is discussed in an article by John E. Bailey, chief auditor of Wisconsin National Bank, Milwaukee, in an article in *Auditgram*. He points out that dormant accounts are generally defined as those of depositors who have moved from the address known to the bank, or depositors who have died without the bank's knowledge. He cites some in-

teresting cases in which dormant accounts were involved.

The files of the surety companies are full of defalcation cases involving the manipulation of dormant accounts, Mr. Bailey writes. In one bank with 15 employees the defaulter, the female assistant cashier in charge of the savings department, was 63 at the time of the discovery of the defalcation and had been with the bank 35 years. Her

peculations started 15 years before, shortly after she was divorced, and she was able to create and conceal the shortage through the use of dummy or duplicate ledgers. The defalcation was discovered during an examination by Federal Deposit Insurance Corp. When questioned, she readily admitted a shortage of \$28,000.

Why did she steal? Probably the contributing factor was the divorce in which she acquired the home and, of course, assumed the mortgage. Her salary proved insufficient to meet these new obligations so she began making unauthorized borrowings. She was quite charitable with the bank's money and she made many friends through her gifts of flowers, toys for poor children, and donations to the needy.

Another case was that of a teller who simply withdrew cash and charged it to a savings account. He defaulted nine months after he started with the bank, to purchase personal property for his home.

The head savings teller, a woman, in a bank with 114 employees, transferred an inactive account to the account of an old former depositor. She then forged withdrawals on the newly created account and retained all the money withdrawn and used it for herself and to help an unemployed boyfriend. Also, she removed the inactive account from the ledger and destroyed the depositor's signature card, thus removing all evidence of the existence of the inactive account. In this case the teller had been with the bank 11 years. The defalcation was discovered by auditors three months after it started.

Another case resulted in a shortage of \$1,530. A depositor maintained a satisfactory savings account in the bank from 1923. In June of 1951 he went to the bank to make a withdrawal of \$400 and learned that his account had a balance of 75 cents. Nine withdrawals had been made subsequent to February, 1949. His signature and that of his brother-in-law as witness had been forged. The forger was the step-son of the depositor. Investigation revealed some procedural weak spots—the signature card representing the account of the depositor did not contain a signature; and the withdrawal slips in question were cashed without presentation of the passbook, which the forger said had been lost, and no duplicate book had been issued. In order to check the validity of the original withdrawal receipt which the step-son took to the bank, the president of the bank telephoned the place where

the depositor worked and had him called to the telephone only after explaining the purpose of the call. Someone representing himself to be the depositor okayed the cashing of the order. After that date, the rest of the orders were apparently handled without any verification.

In a small bank the custom was to prepare statements each month and place them in an unlocked file for delivery to the customers the following day. One month a customer reported that his statement was out of balance with his records. The bookkeeper was unable to shed any light on the cause of the error. A subsequent audit revealed that the bookkeeper worked in collusion with a customer who innocently loaned the employee money from time to time. It worked this way:

The employee duped the customer into letting him have signed blank checks to be used as needed, with the promise that this customer's account would be credited with the money borrowed and no overdraft would be permitted. In order to keep the books in balance the bookkeeper transferred funds from another account—without the customer's consent—whenever the first account was credited. The morning after the statements were prepared each month the bookkeeper went to the bank early, got out the manipulated statement and changed the opening and closing balances to correspond with the figures as they should have been if no embezzlement had taken place.

This went on for two years until the employee forgot the theft of an additional \$75 one month and changed the closing balance figure incorrectly. After an audit, the bookkeeper confessed to the theft of \$1,200.

Md. To Take Look at N. Y. Compulsory Law

A legislative committee has been named by Sen. Goldstein, chairman of the Maryland senate, to study New York's compulsory automobile insurance law and prepare legislation in the same field for the 1957 assembly. Sen. Goldstein said that 200,000 uninsured motor vehicles operate in the state.

Liquidate More Keystone Assets

Commissioner Smith of Pennsylvania will sell at public auction July 19 the Jones Law building, two adjoining office buildings and two adjoining parking lots in Pittsburgh to liquidate the assets of the defunct Keystone Mutual Casualty. The sale is by order of the common pleas courts of Dauphin and Allegheny counties.



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Important Wis. Decision on Reporting Form

(CONTINUED FROM PAGE 1)

provides that no fire insurer shall issue a policy which limits the amount to be paid in case of loss below the actual value of the property, if within the amount for which the premium is paid, unless, at the option of insured, a reduced rate is given for use of a co-insurance clause made a part of the policy.

Insured had filed a report on Dec. 29 after the fire showing a value on hand on Nov. 30 of \$175,000. Later investigation disclosed an actual value as of Nov. 30 of \$150,136. In computing the year-end adjustment, insurers based their computations on all values reported, including the value reported for Nov. 30. Consequently, insured argued that a premium was charged for the period Nov. 30 to date of fire based on a reported value of \$175,000 and that by so doing insurers were required to pay the full policy limit since it was "within the amount for which the premium is paid" as specified by the Wisconsin statute.

A. L. Skolnik of Milwaukee, represented insured, and Bert Cotton of Rein, Mound & Cotton, New York, and Hubert O. Wolfe of Wolfe, O'Leary & Kenney, Milwaukee, the insurers.

The court ruled that evidence of erroneous instructions by a local agent would not be admissible to change the operation of the full reporting clause. On the more serious question of the validity of the full reporting clause under Wisconsin law, the court has held the form did not violate the anti-coinsurance statute.

The court said in part: "The argument that the deposit premiums paid to the defendants bring this type of policy within the provisions of section 203.22 is fallacious. The contract required certain provisional deposit premiums to be made, but further provided that the 'actual premium consideration for the liability assumed hereunder shall be determined at the expiration of this policy.'

"The determination of the amount of premium earned was based upon honest and accurate reports by insured of inventory at the end of each calendar month during the life of the policy. Obviously if the insured, desiring to keep the earned premium at a minimum, rendered the defendants grossly understated reports of inventory, the defendants had no alternative but to rely upon such report, and the court therefore must approve the position of the defendants that the position taken by the plaintiffs in the only report of inventory furnished before the fire and attendant loss cannot be changed ex post facto by the submission of a value report after the fire showing values on hand at the end of the prior month in an amount exceeding the limit of liability.

"The premium to be paid for the policy was to be computed retrospectively based on a review of values submitted by the insured for the period covered by the policy. The premium is paid at the end for coverage already consumed. In no sense can this be considered a contract for coinsurance. Without question, the deposit for provisional premium therefore is intended by the parties to the contract to create a fund out of which the premiums will ultimately be paid, and the provisional premium therefore is intended by the parties to the contract to create a fund out of which the premiums will ultimately be paid, and the provisional premium so paid or ad-

vanced cannot be used, after a loss, as a basis upon which to predicate a definite amount of insurance coverage allegedly paid for by the insured.

"The form of insurance contract challenged in this case has been recognized as valid in many jurisdictions. It may properly be considered of great benefit to the merchant or business carrying inventories which vary greatly during the insurance term, for it provides an elastic and reasonable method of determining the amount of premium to be paid for complete coverage against loss during the entire term based upon the amount of inventory covered from time to time. It is manifest that if the insurer is to be adequately compensated for the coverage, honest and accurate reports of inventory as required by the contract must be insisted upon."

Parley with FTC Lawyers on Rule 2(b)

(CONTINUED FROM PAGE 1)

sales effectiveness—if they attempt to straitjacket themselves by complying literally with rule 2(b)? The alternative is to take the calculated risk of ignoring rule 2(b) in its new and stricter form, though complying with the earlier version, which parallels the National Assn. of Insurance Commissioners code.

It is frequently pointed out that any trade practice code put out by the FTC is merely a considered expression of what the commission thinks the law is but is not necessarily what the law really is. That is something that only the courts can determine.

The fact that A&S insurers stand to lose so much money in junked advertising and weakened sales appeal if they follow literally the FTC's rule 2(b) increases enormously the pressure to ignore the new form of rule 2(b) until and unless the courts finally determine that A&S insurers have no choice but to submit to the FTC's ultra-strict interpretation in order to comply with the law.

Adding to the appeal of this course is the possibility that the FTC as a matter of strategy is claiming a lot more authority than it has any idea the courts are likely to grant it. The FTC could well be reasoning that by claiming the widest conceivable degree of jurisdiction (1) it might be lucky enough to get the courts to agree or (2) if the courts only go part way they are likely to go farther than if the FTC were more modest in its claims.

Consequently, insurers that attempt to comply literally with rule 2(b) may eventually find the courts deciding that these companies needn't have made it so tough for themselves.

Information emanating from the conference, which was held late last week, is that even if the FTC should be inclined to let up a little on rule 2(b) it would be strategically unwise for it to do so while the American Hospital & Life case is still pending. That case involves FTC's insistence on complete disclosure in advertising and it was to make rule 2(b) conform with the FTC findings in the American H&L case that the original draft was tightened up.

Obviously, if the FTC can win the American H&L case under an extremely strict interpretation of the law it would mean a great deal more to the commission's future policing

power over the insurance business than would winning under a softer and perhaps less definite interpretation. With such a win under its belt, the FTC could then, if it should choose, ease off in the harshness of its present interpretation of rule 2(b) but with the assurance that it could always tighten up again without having to go to court to establish its right to do so.

However, the remote possibility that the FTC might eventually relax its tough interpretation of rule 2(b) is scant help to A&S insurers that stand to lose millions in the aggregate because of having to scrap advertising and other sales aids based on the earlier version of rule 2(b). Many companies, having imminent deadlines under state codes requiring much the same disclosures as the earlier rule 2(b), went ahead and had advertising and other material printed up to conform to what it was presumed the final FTC version would be.

The FTC lawyers are reported to have listened sympathetically to accounts of the costs that would be incurred in scrapping the advertising that has been prepared but the argument didn't even come close to impressing them as a reason for interpreting rule 2(b) any less strictly.

It is understood that the FTC legal staff is going to prepare memoranda for the commission's guidance in the interpretation of rule 2(b) in various specific situations.

Sue International Indem. President for Converting Company Assets to Own Use

Commissioner Beery of Colorado, as receiver for International Indemnity of Denver, has filed suit in Denver district court against Lawrence M. Schwab, the president of International, charging Mr. Schwab with converting assets of the company to his own use.

International Indemnity went into voluntary liquidation early this year, but the liquidation turned into a receivership. At the time the liquidation was begun, Mr. Schwab told THE NATIONAL UNDERWRITER there was money enough on hand to pay off 100 cents on the dollar. In the suit against Mr. Schwab, the state charges that "during the period from Aug. 24, 1953, to June 16, 1956, defendant (Schwab) converted to his own use assets of International Indemnity Ins. Co. to the value of \$500,000."

Another petition asks that the commissioner be granted control of the Larry Schwab agency of Denver and of Maynard & Griffith Inc., as well as International Indemnity, all three of which are owned by Mr. Schwab and members of his family. The suit says these are all inter-connected and it is impossible to separate the operations. All the business of International Indemnity was conducted through Maynard & Griffith and the Schwab agency, which are termed in the suit the principal debtors of International.

Davies Goes to Miss. for Aetna Fire Group

Allen E. Davies has been named superintendent of casualty underwriting by Aetna Fire group. His headquarters will be at Jackson. He will be associated with State Agent O. J. Schooley and Special Agent W. B. Lloyd Jr.

Mr. Davies started in the home office in 1954 and since then has worked in casualty underwriting in the compensation and liability department at Hartford.

Walter Pendergrass, special agent at Spokane for Gould & Gould general agency, has joined the insurance department of the Bank of Kodiak, Kodiak, Alaska.

Travelers Appoints Haugh, Has Other Changes

(CONTINUED FROM PAGE 2)

research committee of the casualty association.

Mr. Reynolds joined Travelers in 1952 in the accident and group actuarial department. He was appointed assistant actuary in 1954.

William E. Mason, fire and marine manager at Milwaukee, takes the same



R. L. Richard



Scott Dickson

post at Cleveland, replacing Clark R. Draper, who has been granted a leave of absence upon the advice of his physician. Mr. Draper started with Travelers in 1926 as assistant fire and marine manager at Cleveland.

Robert L. Richard, fire and marine head at Los Angeles, succeeds Mr. Mason at Milwaukee.

Frank W. Spencer, casualty, fidelity and surety manager at Denver, has retired and is succeeded by Scott C. Dickson. Mr. Spencer joined Travelers in 1920 at Omaha, and later was manager at St. Paul before going to Denver 22 years ago as manager. While he was head of the casualty department at Denver the volume increased twenty fold.

Mr. Dickson has been with Travelers since 1923, starting at St. Louis and later serving at Louisville and Kansas City and Dallas before going to Denver last year as assistant manager for casualty, fidelity and surety.

Mr. Mason joined Travelers in 1937 and served at Chicago, South Bend and Peoria.

Mr. Richard joined Travelers in 1939 at the home office. After military service he was field supervisor at Los Angeles and then assistant manager there.

Mr. Dickson started with Travelers at St. Louis in 1923. He served at Louisville and Kansas City, where he became assistant manager in 1947. He went to Dallas and then Denver.

Postpone S. C. Trial on Capital Life Deal

The trial of five men on charges of conspiracy in arranging the sale of Capital Life to United of Chicago has been postponed until the September term of Richland County (S.C.) general sessions court. James P. Mazingo III, attorney for D. D. Murphy, former South Carolina insurance commissioner, requested the delay because of Mr. Mazingo's ill health. Others charged with conspiracy are Bradley Layton and F. R. P. Farquhar of Columbia, S. C., and O. T. Hogan and Paul Temple of Chicago. Mr. Temple will have a hearing this month in Chicago on his claim that extradition orders issued against him are invalid.

Gillooly Heads Zone II

Commissioner Gillooly of West Virginia has been elected chairman of Zone II of NAIC to succeed the late George A. Bowles of Virginia. Mr. Gillooly was elected by mail ballot conducted by Superintendent Pryatel of Ohio.

S. C. Department Sets One Date a Year for Changes

The South Carolina department, which has been concerned with the number and variation of filings, has issued a new order. Beginning this year, Nov. 15 has been established as the only date in the year upon which forms, rates and rate deviations, or changes in them, will become effective in the state. Excluded from the rule are workmen's compensation and A&S business, as well as filings which have the sole purpose of making bona fide corrections of misprints or errors in figures or calculations.

Publication of approved filings or changes under the new rule must be dispatched to the South Carolina "field," or agents, in time to reach such personnel not later than Oct. 1 each year, beginning Oct. 1, 1956. The filings must be made with department not later than Sept. 1. Filings approved prior to the date of the department's bulletin, which was June 26, for an effective date of Sept. 1, continue as approved for that date. However, the subject matter of such filings will not be eligible for refile until Sept. 1, 1957, and thereafter on the same date of each year.

The department's previous instructions on deviations, which were that they could be continued until Sept. 1, 1956, have been rescinded, and such deviations could be continued until Nov. 15. Thus Nov. 15 of each year becomes the only "moving" date for approved fire and casualty filings in the state, Commissioner Kelly stated in his bulletin.

Buchanan Heads N. C. Mutual Agents, 375 at Annual Parley

L. M. Buchanan of Greenville was elected president of North Carolina Assn. of Mutual Insurance Agents at the annual meeting at Blowing Rock. Joe L. Norton of Charlotte was named vice-president and R. B. Woodson of Raleigh, secretary. New directors are Craig Watson of Gastonia, Wheeler Manning of Williamston, W. T. McSwain of Winston-Salem, and Frank Baker of Hickory. The meeting was attended by 375.

Mr. Woodson received the Swigart award for his contribution to educational work. Carol Diebold of Raleigh was honored for having given the greatest service to the association during the year. Mr. Baker received the permanent Swigart trophy and Earl F. Penny of Hendersonville was presented a certificate for meritorious service. Winners of the membership contest were Don Twelker of Shelby and Walter Chambers of Raleigh. The association also presented an award for heroism to Nancy Hinshaw of Asheboro for her efforts in saving the lives of 30 youngsters riding in a runaway school bus near Asheboro. Earl A. Lamb of New York, president of the National association, made the presentation of a bronze plaque and medal. Commissioner Gold also congratulated Miss Hinshaw for her action.

Other features of the program were a panel on package dwelling policies moderated by Mr. Woodson, a forum on bureaus in the business headed by H. Pierce North of Columbia, S. C., and an audience quiz program on losses conducted by Ring Pratt, manager of Southeastern Adjustment Co., Winston-Salem.

W. H. Rodda, secretary of Transportation Insurance Rating Bureau, spoke on the new mercantile block policy.

Public Adjusters' President Reviews Year of Progress

Highlights of the activities during the past year of National Assn. of Public Insurance Adjusters were reviewed by President William Goodman of Baltimore in his address at the annual meeting last week at Kaimesha Lake, N.Y. Mr. Goodman, completing his fifth term as president of NAPIA, noted that membership has increased during the 12 months from 69 to 93, "a very substantial portion of all the public insurance adjusters who might be eligible to be included among us."

The original concept of the association, and still its most important job, Mr. Goodman observed, is to achieve a "definite, respected and secure place" in the insurance business for the public adjusters. A good deal of this has been achieved, he said, remarking: "Let us keep in mind that most of the things that are good for the insurance industry are also good for the public adjuster. No one will deny that what is bad for the public adjuster is also bad for the insurance industry, and what is bad for the insurance industry is also bad for our country."

The day of the incompetent public adjuster, the man who goes into the field merely because he thinks it is a lucrative business and can be exploited, is over, Mr. Goodman declared. Public adjusters today realize that they can no longer skim off the cream, but are engaged in a profession which offers opportunities although it is highly competitive. Recalling the days of hot competition when the big adjusters spent a lot of effort to keep their smaller colleagues reduced to the starting point, he said the development of NAPIA has brought on a new era. Its code of ethics "was a clarion call, a challenge, that demanded diligence, integrity and adherence to the processes of fair play."

The association, because of its standard of ethical conduct, provides the public with assurance of the professional manner in which the public adjuster discharges his duties, Mr. Goodman said. This has enhanced the influence of the public adjuster within the insurance business, although NAPIA, he pointed out, is not responsible for unethical practices indulged in by some public adjusters not affiliated with the organization. "We are constantly striving to bring them within the fold and make them see the light. We recognize that evils exist and we would like to eliminate them so as to reflect credit on all of us."

Mr. Goodman said public adjusters constitute a profession, but cannot achieve that status merely by calling themselves professional men. However, public adjusting is a profession "in its truest sense," and as a profession public adjusters have made progress, most of it since the association was formed. "There was chaos before. There is organization, efficiency, and solidarity now," he said.

Changes at NYFIRO

A. Stuart Shields, chief examiner of the New York city division of New York Fire Insurance Rating Organization, will retire Aug. 1. He started with Norwich Union in 1908, and later went to Automobile. He became an examiner for the rating organization in 1926 and was appointed chief examiner in 1937.

George W. Grape, assistant Examiner in the New York city division, will succeed Mr. Shields.

Strict Non-Can Ad Rule Adopted in Ind.

INDIANAPOLIS—The Indiana department has become the first since the commissioners' meeting at St. Louis to take a stand in the war of terminology in non-cancellable A&S insurance. Just as soon as the guide for A&S advertising was promulgated by NAIC, the old time writers of non-can began battling the use of this description of insurance on the part of companies which have within recent years come on the market with a non-can policy that allows changes in premium by classes or some changes in benefits. Massachusetts Indemnity and Massachusetts Protective have argued before the commissioners that non-cancellable is insurance that cannot be re-underwritten in any way, while companies specializing in the new coverage, such as Prudential, have contended that they are selling non-cancellable insurance because the terms of the contract do not permit them to get off the risk, although they can change the premium by classes.

Indiana has sided with the Massachusetts insurers, holding in a directive that non-can policies must clearly state the insurer's right to modify or adjust the premium, benefits or risk of the policy in any advertisement. Such a statement must appear "in close conjunction" to the wording that represents the coverage as non-can and guaranteed renewable. If such wording does not appear and the right to make such adjustments does exist, any statement that a policy is non-can and/or guaranteed renewable is a misrepresentation, the directive says.

According to Sam Kauffman, administrative assistant to Commissioner Davey, the purpose of the directive is to prevent any misrepresentation of non-can policies. Mr. Kaufman said that the policies employing premium adjustments have caused no trouble in Indiana, and the directive is designed to prevent them from occurring.

Ohio Department to Consider Rules for Hearing Notices

The Ohio department will hold a hearing Aug. 7 at Columbus to consider adopting a rule under which it would give advance notice of 30 days of hearings on proposed adoptions, amendments or rescissions of its rules.

Under the plan, the department would have to publish in the newspapers, not less than 30 days prior to the date set for the hearing, proposals to adopt, amend or rescind department rules; a statement of the intention of the department to take such action, a synopsis of the proposal to be discussed, and the date, time and place of the hearing. Each company also would receive notice by mail 35 days before the hearing, as would associations, rating bureaus, etc.

American Auto on Cal. Bonds

American Automobile and not Associated Indemnity was surety on the two California contracts totaling \$3 million, one covering a \$1,441,444 construction of a weapons training facility at the naval air station in San Diego by the F. E. Young Construction Co. of San Diego, and the other a \$2,600,000 construction of electrical equipment for General Dynamics Corp. by Radiophone Co. of Monrovia. It was incorrectly reported in the June 14 issue that Associated Indemnity of the American-Associated group wrote this bond.

U.S. APPEALS COURT

Rules Fidelity Insurer Liable in Weekend Theft

The U.S. ninth appeals court has affirmed a decision in the case of Independent Military Air Transport Assn. vs General Accident that the insurer was liable for theft on a fidelity policy despite the fact the theft occurred when the association's offices were closed.

The appeals court pointed out that although both outsiders and employees may have had equal access to the missing \$15,000, only insured's employees had knowledge that the money had not been deposited in the bank as usual after the close of Friday's business. The court said that with banks closed for the weekend on Friday evening, it was reasonable to infer that a stranger would hardly expect to find a full cash box in the drawer of the manager's desk on Friday night or Saturday morning.

Testimony disclosed that all employees were aware that the manager had decided not to bank the cash but to lock it in his desk drawer instead. The loss was discovered about noon on Saturday.

Richard Ernest, R. L. Miller and Richard G. Logan of San Francisco represented insured and Thomas E. Davis of San Francisco the insurer. The case is reported in 8 CCH (Fire & Casualty) 949.

W. G. Wiese Joins Roy Lill

William G. Wiese, assistant superintendent of the inland marine and aviation department of Western Adjustment, has joined Roy Lill & Co. independent adjustment organization of Chicago. Mr. Lill has been in business since 1935, primarily handling inland marine.

Mr. Wiese was with Western nearly 20 years, and after experience in general adjustment in 1946 began to specialize in inland marine. He was put in charge of the Cook county inland marine department in 1949, and in 1954 became assistant superintendent of Western's inland and aviation department.

Lawton Buys Snyder Bros.

LOUISVILLE—Clyde Lawton, who operates American Agency Service general agency here, has purchased the business of the Snyder Bros. general agency. Snyder Bros. was formed about 30 years ago, but all of the original incorporators have died and in recent years the general agency has been managed by A. T. Coates, former manager of the southern department of Rhode Island. Mr. Coates will remain with the merged firm, which will continue under the name of American Agency Service. Mr. Lawton intends to open a branch office for Tennessee at Nashville.

Citizens Mutual in New Home

Citizens Mutual Automobile has moved into its new home office at Howell, Mich. The new building, of Indiana limestone, provides 77,000 square feet of office space on the two main floors with an additional 4,800 feet on the third floor. A formal opening will be held later.

GEORGE E. V. DIETRICH, 55, manager for U.S.F.&G. at Cleveland, died there. He joined U.S.F.&G. at Chicago in 1931 in the claim department. In 1947 he became deputy director of the Illinois department in charge of casualty rating. He rejoined U.S.F.&G. in 1949 as Cleveland manager.



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